

**MARITIME UNION OF AUSTRALIA (MUA)**

**SUBMISSION TO NATIONAL RESOURCE  
SECTOR EMPLOYMENT TASK FORCE**

**9 APRIL 2010**

**Authorised by: Paddy Crumlin  
National Secretary  
Maritime Union of Australia**

## **1. Introduction**

- 1.1 The Maritime Union of Australia (MUA) represents over 11,000 workers in the offshore oil and gas, stevedoring, port services, shipping and diving sectors of the Australian maritime industry.
- 1.2 Members of the MUA work in a range of occupations across all facets of the maritime sector including stevedoring and ports, on coastal cargo vessels (dry bulk cargo, liquid bulk cargo, refrigerated cargo, project cargo, container cargo, general cargo) as well as salvage vessels, passenger vessels, towage vessels, ferries, cruise ships and dredges. In the offshore oil and gas industry, MUA members work in a variety of occupations on vessels which support offshore oil and gas exploration e.g. seismic vessels; in offshore oil and gas construction projects including pipe-layers, cable-layers, rock-dumpers, dredges, accommodation vessels, support vessels; and during offshore oil and gas production, on drilling rigs, Floating Production Storage and Offtake tankers (FPSOs), FSOs and support vessels. MUA members work on vessels engaged in international LNG transportation.

## **2. National Resources Sector Employment Taskforce Discussion Paper of March 2010**

- 2.1 The MUA is pleased to have the opportunity to respond to the matters raised in the Task Force Issues Paper and to assist the Taskforce in addressing its focus on:
- Examining the scope and timing of major resources projects;
  - Analysing the expected demand for labour and consider supply issues; and
  - Developing a plan to address labour and skills shortage issues in the sector.
- 2.2 The MUA submission addresses the following topics identified in the Issues Paper:
- The demand for labour and skills.
  - Increasing the supply of labour.
  - General matters.
- But we also raise two threshold issues (see Clauses 3.1 to 3.7).
- 2.3 Our submission focuses on maritime occupations, and seafaring occupations in particular. While the number of workers required for maritime occupations are relatively small in the context of overall workforce requirements to enable resource projects to proceed on time and within budget, they are nevertheless critical occupations to support critical and time sensitive aspects of resource projects.
- 2.4 Maritime labour is required for all phases of offshore resource projects:
- During the exploration phases e.g. crewing of seismic vessels.

- During the construction phases e.g. crewing of supply and support vessels, rig tenders, dive support vessels, pipe layers, dredges, hyperbaric rescue vessels, stand-by vessels, accommodation vessels and anchor handlers.
    - Offshore and onshore divers are also required during the construction phase of projects, and for maintenance purposes.
  - During the operational phases (including maintenance) e.g. crewing of support and supply vessels including anchor handlers, dive support vessels; crewing of Floating, Production, Supply and Offloading (FPSOs) tankers.
  - During the transportation phase e.g. oil tankers, LNG tankers, towage vessels.
- 2.5 Maritime labour is also required where there are wharves and stevedoring operations, either during project construction and/or during operational and transportation phases of projects.

### 3. Executive Summary

- 3.1 There are two threshold issues that the MUA believes the Task Force must consider in parallel to the workforce development issues under consideration in the Issues Paper:
- 3.1.1 Labour relations. Labour supply/demand and skill requirements of major resource projects cannot be viewed in isolation of labour relations strategies and policies, including approaches to occupational health and safety. The capacity to attract and retain qualified labour, and the price/productivity of that labour, is inextricably bound to the industrial relations policies and strategies adopted by the principals in the resource sector, and their contractors who are often the employers of the labour
- 3.1.2 Workforce planning and investment decisions. Mechanisms involving government, industry, trade unions and community representatives, including the Indigenous community, are required to link investment decisions and workforce planning to ensure labour supply, including the labour relations arrangements that regulate that labour supply, match labour demand in a way which is timely, fair and just, and delivers sustainable benefits to all stakeholders. The long lead times in arriving at Final Investment Decisions (FIDs), which often signals the build up of workforces, creates ample time to address the labour supply factors, labour relations arrangements and related social infrastructure issues in a structured way which maximises labour force stability and labour transference between projects, thereby avoiding the costs and disruptions of mis-matches in labour supply and demand
- 3.2 It is our assessment that the demand for maritime skills will remain relatively stable, though at historically high levels, over the remainder of 2010 and into 2011, but will build up over the years 2011 to 2015, as the domestic trading fleet and associated towage demand increases and makes a call on available seafaring labour, and as the demand for seafaring labour from the Gorgon project, and other offshore LNG projects, ratchets up over 2011 and beyond.

- 3.3 On currently available data there is a shortfall in training of approximately 55 Integrated Ratings per annum to maintain the current pool of Ratings. However, this is likely to be closer to a shortfall of 100 annually over the period 2011 to 2015 if the demand from offshore LNG projects is factored in. It is our assessment that the commencement of expenditure from the METL training fund will result in this shortage being met.
- 3.4 The MUA has adopted two strategies to help ensure that the supply of seafarers is more closely aligned with demand, both of which are particularly relevant to the offshore oil and gas industry where demand for seafaring labour is more variable than in the wider maritime industry.
- 3.5 First, the union has adopted a short term strategy involving union to union labour exchange agreements with both the Maritime Union of New Zealand (MUNZ) and the UK National Union of Rail, Maritime and Transport Workers (RMT) which has enabled both out of work NZ and UK seafarers to participate in the Australian seafaring labour market. There are opportunities to extend this model to the near regional labour market including PNG and Timor Leste.
- 3.6 Second, in response to an emerging long term seafaring labour shortage nationally, and in particular in the offshore oil and gas industry, the MUA took a policy decision in 2008 to support the establishment of an industry training company to help address the seafarer labour shortage. Maritime Employees Training Ltd (METL) was established in 2008 and will commence operations in 2010.
- 3.7 METL is all about additionally - additional resources for training, additional flexibility in delivery of training and an additional supply of seafarers to meet the demand from industry for qualified seafaring labour.
- 3.8 To ensure there is stability to the METL self sustaining model, we ask the Task Force to support the concept of structured industry contributions to investment in training to support Government investment models for training. It is time in our view that the concept of structured industry contributions to training become mainstream as a part of the labour relations and employment landscape so that industry negotiations on better resourcing of training does not become a matter of industrial contention.
- 3.9 The union is not arguing for inclusion of industry contributions to training as an allowable matter in enterprise negotiations but we strongly believe that there needs to be Government and industry acceptance of the legitimacy of negotiations around solutions that deliver sustainable training outcomes that complement and are linked to enterprise bargained workforce labour relations outcomes.
- 3.10 If the Government can find a way to legitimise such negotiations, the options for training levies, establishment of training investment funds, establishment of endowment funds linked to foreign investments (as proposed by the Australian Workers Union) can all become part of the workforce planning and labour relations landscape.
- 3.11 The union submission raises two other issues:

3.11.1 Supporting the training and employment of Indigenous Australians in the resources sector. The MUA is currently involved in discussions with Indigenous Land Councils in WA, NT and Qld regarding the development of a formal relationship, possibly through a compact, between resource industry trade unions and Indigenous communities and landowners/titleholders to provide mutual support in relation to negotiations with resource companies on employment, training and community development. The union believes that this model should be supported and encouraged by the Task Force so that it complements and gains the level of recognition that corporate sponsored projects such as the Fortescue Metals Australian Employment Covenant and its related Vocational Training and Employment Centre have achieved.

3.11.2 The requirement for a tripartite body to ensure coordinated workforce and industry development planning to underpin the sustainability of resource projects in Australia. The union urges the Task Force to consider establishing a national high level tripartite mechanism to provide a coordinated response to workforce planning and industry development for resource projects so that there are opportunities for the key project stakeholders to examine and plan for project requirements covering:

- Labour demand and supply;
- Labour relations arrangements, including the provision of social infrastructure like housing/accommodation and community facilities to ensure the attraction/retention opportunities are maximised
- Employment participation to ensure all sources of labour are treated equitably in opportunity; and
- Procurement and Australian content, which is directly linked to employment participation.

## **4. Threshold issues**

### **Labour relations**

4.1 The MUA submits that the central issues regarding the labour and skill requirements of major resource projects cannot be viewed in isolation of labour relations strategies and policies, including approaches to occupational health and safety. The capacity to attract and retain qualified labour, and the price/productivity of that labour, is inextricably bound to the industrial relations policies and strategies adopted by the principals in the resource sector, and their contractors who are often the employers of the labour.

4.2 There is clearly a close interconnection between the capacity to attract and retain qualified labour, and the price/productivity of that labour, with the industrial relations policies and strategies adopted by the principals in the resource sector, and their contractors who are often the employers of the labour.

4.3 There is a need to bring about a cultural shift in the prevailing labour relations environment in many of the remote areas and in the resources sector generally as a complementary factor to the cooperative planning and strategic thinking that will be necessary to avoid the cost/competitiveness pitfalls of both under and oversupply of labour.

- 4.4 Many of the companies that control the investment decisions and therefore the timing of labour demand are not in fact employers of labour and bring a corporate culture, which they seek to impose on their contractors, who ultimately employ the labour, that does not have the same regard for core labour standards and for the Robens principles of OHS management as expected in the Australian labour relations community.
- 4.5 Unless there is a recognition of this fact and that there are incentives to shift that corporate culture, what we refer to as the civilising of labour relations, the tensions that inhibit effective project outcomes that benefit the national interest, communities, corporations and the labour force will remain unresolved.

### **Workforce planning and investment decisions**

- 4.6 There is a real opportunity in the emerging growth in the resources sector to create mechanisms involving government, industry, trade unions and community representatives, including the Indigenous community, that will link investment decisions and workforce planning that will ensure labour supply, including the labour relations arrangements that regulate that labour supply, to match labour demand in a way which is timely, fair and just, and delivers sustainable benefits to all stakeholders.
- 4.7 The long lead times in arriving at Final Investment Decisions which often signals the build up of workforces, creates ample time to address the labour supply factors, labour relations arrangements and related social infrastructure issues in a structured way which maximises labour force stability and transference between projects, thereby avoiding the costs and disruptions of mis-matches in labour supply and demand.
- 4.8 We believe this is one of the major challenges facing the Task Force, but if a solution can be found, it will result in a period of sustainable project development that will be of significant benefit to the nation and to its citizens.
- 4.8.1 We note that at the end of April 2009, there were 74 resource sector projects at advanced stages of development with capital expenditures totalling \$80 billion. Of these 42 were energy projects totalling \$43.4 billion in capital expenditure and 12 were petroleum developments which accounted for \$32 billion in capital expenditure. The key question that arises is this: are Australian firms, Australian workers and Australian communities maximising their opportunities to benefit from these levels of expenditure in a way which is sustainable and which establishes the pre-conditions for sustaining economic activity and resource related communities following the current post resource investment wave.

## **5. The demand for labour and skills**

- 5.1 In the maritime industry nationally, the employment and trading situation in relation to the coastal trading ships, towage, dredging and passenger/cruise sectors remains relatively stable and is predicted to remain stable over the coming 12 to 18 months.

- 5.2 The Commonwealth Government is yet to respond to the Recommendations in the Report of the Parliamentary Inquiry into Australian coastal shipping policy and regulation tabled in Federal Parliament on 20 October 2008 entitled *'Rebuilding Australia's Coastal Shipping Industry.'*
- 5.3 Even if the Government responds positively to the Recommendations by mid 2010, policy implementation and therefore impact on shipping, and consequently on demand for seafaring labour and skills, is unlikely to be felt in any significant way during calendar 2010.
- 5.4 The impact will build however over the years 2011 to 2015, as the domestic trading fleet and associated towage demand, increases and makes a call on available seafaring labour.
- 5.5 Furthermore, some investors will react quickly to a positive Government announcement and will not await legislative change to commence investment in Australian ships, so there could be some increase in demand for seafarers in coastal shipping in the 12 months following a pro-shipping policy announcement.
- 5.6 In relation to the offshore oil and gas industry, a number of Final Investment Decisions (FIDs) on major projects like the Gorgon LNG project have and will create additional demand for seafaring labour nationally. The data in Table 1 Part A at **Attachment A**, listing oil and natural gas projects that are under construction or committed, indicates that many such projects are nearing the conclusion of the construction phase and are moving towards the production stage (i.e. start up is predicted in the period 2010 or 2011), where less seafaring labour is required relative to the construction phase.
- 5.7 The peak maritime labour demand on the Gorgon project is likely to peak from end 2010 through to end 2011, by which time we anticipate that other offshore LNG projects will have reached the FID stage, thereby sustaining that higher level of demands for seafaring labour.
- 5.8 Of the less advanced oil and natural gas projects shown in Table 1 Part B, many do not have an offshore component, and of those that do, many are still in the feasibility or pre FEED stages. It should be noted however that some onshore projects with an export focus will require maritime labour in port construction and in towage operations once operational. However, even if some of the listed projects move to the FEED stage over the remainder of 2010 and in 2011, the major maritime labour requirement will not be felt until around 2013 to 2015 when construction could be expected to commence.
- 5.9 At that stage we expect the major maritime labour requirements on the Gorgon project will have peaked and have begun to taper down, enabling excess seafaring labour to move on to new projects which will sustain that high demand through to 2015.
- 5.10 In summary then, the data indicates that there are a relatively small number of FID decisions leading to offshore oil and gas project maritime construction demand in the second half of calendar year 2010, though ongoing FPSO, exploration and other offshore activity means that demand for seafaring labour will stabilise at a relatively high level over 2010. Nevertheless, the Gorgon

project generated demand for seafaring labour, followed by other LNG projects expected to have entered the post FID stage by around 2011 to 2012 will sustain a historically high demand for seafaring labour.

5.11 In addition, there are a number of national and international influences that will impact on the demand for maritime labour and in particular on the demand for maritime skills in Australia (i.e. upgrading of current skills, as opposed to demand for additional labour), which will have implications for offshore oil and gas projects over the next 5 years to 2015. These include:

#### 5.11.1 General

- The pace of recovery from the Global Financial Crisis on the traded goods (including commodities) sector of the national economy which will affect:
  - Global trade trends; and
  - Global shipping and port industry consolidation.
- The implementation initiatives that may flow from the emerging National Transport Plan, National Ports Strategy and National Freight Transport Plan
- *Infrastructure Australia* priorities for expenditure from the Building Australia Fund and other transport infrastructure spending, both public and private (and PPPs).
- Regional developments in Timor and PNG that relate to the Australian labour market e.g. the construction of the PNG LNG project and the start up of new oil and gas projects in the JPDA.
- Tourism trends – impacting on marine tourism.

#### 5.11.2 Regulatory Reform

- Implementation of the COAG/ATC decision to establish a single national regulator for maritime safety, being AMSA.
- The reform of NOPSA and establishment of NOPA, and the Government's response to the Recommendations of the Independent inquiry into the occupational health and safety (OHS) and integrity regulation for upstream petroleum operations.
- The outcome of the Department of Resources, Energy and Tourism Offshore oil and Gas Crane Competencies Working Group.
- Implementation of the IMOs amendments to the Standards of Training, Certification and Watchkeeping (STCW) Convention.
- The AMSA Review of Marine Orders Part 3 (MO3) Marine Qualifications (incorporating the Tinny to Tanker proposal).
- The AMSA Review of Marine Orders Part 32 (MO32), Cargo handling, which will provide a demand for new maritime training.
- AMSA Review of Marine Orders Part 59 (MO59) Offshore Support Vessel Operations, which will require new training to ensure workers can meet requirements.
- The MUA National Stevedoring Code of Practice project and its roll out to support the release by Safe Work Australia of the nationalised Stevedoring Guidance material, along with the likely inclusion of new stevedoring regulations in the nationally harmonised OHS regulations.

- The current Transport and Logistics Industry Skills Council (T&L ISC) reviews of the Maritime Training Package and the Transport and Logistics Training Package (covering stevedoring competencies/qualifications).
- 5.12 The industry does not as yet have a systematic approach to workforce planning. However, the union and industry, along with existing training infrastructure bodies such as the RTOs with scope to deliver seafarer qualifications and the T&L ISC, in conjunction with a consultant engaged by the Commonwealth Department of Infrastructure Transport, Regional Development and Local Government, have commenced a discussion about the feasibility of establishing a permanent workforce planning model for the Australian maritime industry, possibly under the auspices of an academic institution.
- 5.13 This initiative is strongly supported by the union and will also be considered by Maritime Employees Training Ltd (METL).
- 5.14 It should be noted the DEEWR is about to commence a survey of the recruitment experiences of employers in the offshore oil and gas industry, which we understand will be complete by around mid 2010.
- 5.15 MUA seafarer labour market research undertaken in 2008 indicated that the number of additional Integrated Ratings that will be required to: (i) maintain the current pool of seafarers as a result of retirement; and (ii) meet new industry demand, over the next 11 years to 2020, is approximately 2,240. That research was undertaken before the Gorgon project was conformed, so it underestimates the demand for seafarers.
- 5.16 The MUA data is nevertheless in accord with the findings in the Report of the Parliamentary Inquiry into Australian coastal shipping policy and regulation of October 2008 which found that “By the year 2010, there will be a shortage of approximately 2,000 seafarers in Australia.”<sup>1</sup>, though the report did not disaggregate that figure to Ratings, Engineers and Deck Officers.
- 5.17 The factors that will drain the current pool of seafarers over time are: (i) the loss of seafarers due to retirement (primarily age retirement), and (ii) wastage (seafarers commencing but not completing training or completing but leaving the industry within one year). The key factors that will add new demand for seafarers are primarily: (i) the projected revitalisation of Australian shipping over the next 11 years as a result of a pro shipping policy that we are confident the Government will adopt in response to the Recommendations in the Report of the Inquiry into Australian coastal shipping policy and regulation; and (ii) predicted strong demand for seafarers from new investment in offshore oil and gas projects.

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<sup>1</sup> “Rebuilding Australia’s Coastal Shipping Industry – Inquiry into coastal shipping policy and regulation”, House of Representatives Standing Committee on Infrastructure, Transport, Regional Development & Local Government, p. 57

**Table 1: Active Australian Integrated Ratings by age range - June 2008**

| <b>Integrated Ratings at 30 June 2008</b> |                         |
|---|-------------------------|
| <b>Age range</b>                          | <b>No. of Seafarers</b> |
| Under 21                                  | 33                      |
| 21-25                                     | 193                     |
| 26-30                                     | 206                     |
| 31-35                                     | 276                     |
| 36-40                                     | 399                     |
| 41-45                                     | 463                     |
| 46-50                                     | 416                     |
| 51-55                                     | 342                     |
| 56-60                                     | 302                     |
| 61+                                       | 252                     |
| No Data                                   | 124                     |
| <b>Total</b>                              | <b>3006</b>             |

Source: MUA estimates

- 5.18 To maintain the current pool of Ratings, which the MUA estimates to be close to 3,000, approximately 1,700 Trainee Integrated Ratings (TIRs) will need to commence and complete training to 2020. In addition, to address new demand for seafarers, some 540 new entrant TIRs will need to commence and complete training to 2020, indicating a total of 2,240 Ratings need to be trained over the next 10 years or 224 per annum.
- 5.19 Based on Integrated Rating training completion data of around 120 per annum over the 3 years to 2008, the annual shortfall in training compared to projected demand, is approximately 85 (or 100, if wastage is factored in) new entrants per annum to 2020.
- 5.20 The available data from AMSA which issues licenses to Qualified Ratings (Table 2), and from Registered Training Organisations with scope to issue Ratings qualifications (Certificate III in Transport & Distribution (Maritime Operations- Integrated Rating) (Table 3) indicate there has been a significant increase in the supply of Qualified Ratings over the period 2007 to 2009, and particularly 2009.
- 5.21 However, even taking the AMSA figure of 165 newly Qualified and Licensed Ratings in 2009 for supply to the industry, there is still a shortfall in training of approximately 55 per annum (this figure does not take account of the demand for seafaring labour created by the Gorgon and other new LNG projects that are now looking more likely to proceed. The figure is more likely to be a shortfall of approximately 100 per annum for the next 5 years.

**Table 2: Licenses issued to Ratings by AMSA 2007 to 2009**

| <b>Certificate (License) Type</b> | <b>Competency Level</b> | <b>2007</b> | <b>2008</b> | <b>2009</b> |
|-----------------------------------|-------------------------|-------------|-------------|-------------|
| Proficiency                       |                         |             |             |             |
|                                   | Chief Integrated Rating | 16          | 8           | 7           |
|                                   | Integrated Rating       | 94          | 129         | 165         |
|                                   | <b>Total</b>            | <b>110</b>  | <b>137</b>  | <b>172</b>  |

Source: AMSA

**Table 3: Ratings Qualifications Issued by Challenger TAFE 2008 and 2009**

| Qualification   | Occupation        | 2007 | 2008 | 2009 |
|---|-------------------|------|------|------|
| Certificate III in T&D (Maritime Operations- Integrated Rating) | Integrated Rating | NA   | 73   | 130  |

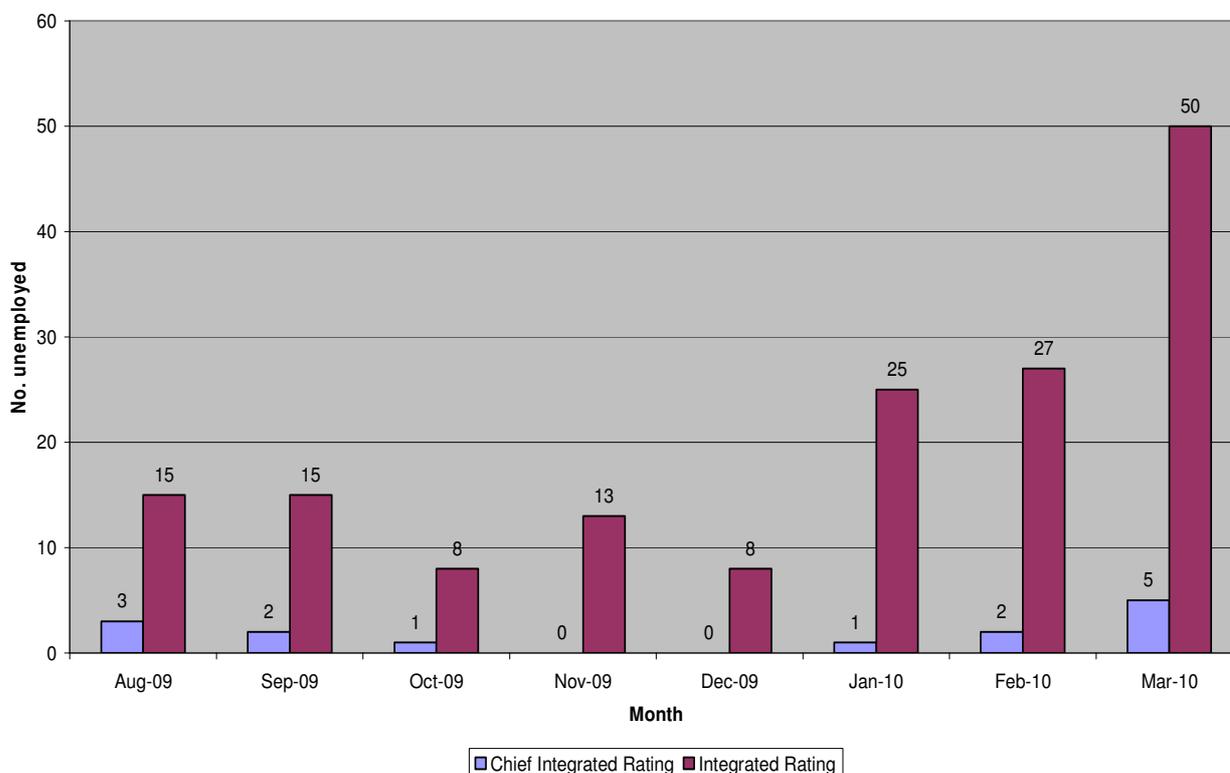
Source: Challenger TAFE

**Note:** Data is not available from the Australian Maritime College (AMC) or Hunter Institute despite being requested in ample time for inclusion in this submission.

5.22 The union is confident that the additional resources available to METL will ensure that this shortfall is met. METL will very likely commence its first intake of Trainee Integrated Ratings in the second half of calendar 2010 (it takes around 14 months train an Integrated Rating to the point of issue of an AMSA occupational license).

5.23 The union’s Employee Assistance Scheme (EAS) which is a voluntary Database of out-of-work Ratings that is regularly provided to employers to assist their recruitment initiatives currently shows a surplus of seafarers. We attribute this cyclical oversupply to a short term lag in the impact of the GFC on the seafarer labour market, which we expect to recover in response to the general strengthening of the economy combined with a recent group of qualified and licensed seafarers who exited the training system late in 2009 entering the labour market in early 2010. The data is shown in Figure 1.

**Unemployed Ratings Aug 2009 to Mar 2010**



Source: MUA EAS Database

## 6. Increasing the supply of labour

- 6.1 The MUA has adopted two strategies to help ensure that the supply of seafarers is more closely aligned with demand, both of which are particularly relevant to the offshore oil and gas industry where demand for seafaring labour is more variable than in the wider maritime industry.
- 6.2 First, the union has adopted a short term strategy involving union to union labour exchange agreements with both the Maritime Union of New Zealand (MUNZ) and the UK National Union of Rail, Maritime and Transport Workers (RMT) which has enabled both out of work NZ and UK seafarers to participate in the Australian seafaring labour market.
- 6.3 Second, in response to an emerging long term seafaring labour shortage nationally, and in particular in the offshore oil and gas industry, the MUA took a policy decision in 2008 to support the establish of an industry training company to help address the seafarer labour shortage.
- 6.4 This decision was taken at a time when all the submissions to the Parliamentary Inquiry into Australian coastal shipping policy and regulation had indicated a serious paralysis in the industry's response to training of seafarers and in response to the results of a survey of the Bluewater sector of the Australian maritime industry undertaken by the Department of Education, Employment and Workplace Relations (DEEWR) which showed an emerging unmet demand for seafaring labour and confirmed the ageing of the existing seafarer workforce (Executive summary reproduced at **Attachment B**).
- 6.5 The result of this policy decision was establishment of Maritime Employees Training Ltd (METL), a company limited by guarantee established under the Corporations Act and regulated by the Australian Securities and Investment Corporation. The Objects clause from the company's Constitution and the list of METL Directors are included at **Attachment C**. The audited financial statement of METL to be presented to its first AGM later in April 2010 will show that the company has attracted revenues of approximately \$2M to 31 December 2009, from training contributions made by employers of seafarers as a result of negotiations with the union.
- 6.6 The conclusion of negotiations in early 2010 on a new 4 year enterprise agreement for the offshore oil and gas industry (2009-2013) has also resulted in the conclusion of parallel negotiations on training contributions to METL which will result in annual revenues from the offshore oil and gas industry of approximately \$1.2M annually over the next 4 years to METL.
- 6.7 In addition, negotiations in the context of the International Bargaining Forum (a global enterprise bargaining forum conducted by the International Transport Workers Federation (ITF) and the European and Asian shipowners) has resulted in establishment of a Ratings Training Fund which is expected to deliver an initial contribution to METL of approximately \$3M and thereafter approximately \$1.5M per annum.
- 6.8 It is important that the Task Force is aware that METL is all about additionality - additional resources for training, additional flexibility in delivery of training and an additional supply of seafarers to meet the demand from industry for

qualified seafaring labour. The resources available to METL, described above, constitutes additional resources to help sustain the supply of seafarers for the industry. METL does not seek to, nor will it, be a substitute for existing employer and Government resources for seafarer training. METL aims to achieve greater equity and diversity in the funding of seafarer training so that all beneficiaries of training contribute to the investment in training.

- 6.9 Consistent with the METL business plan signed off by Directors at a Board meeting in December 2009 and the METL company objects, METL resources derived from employer training contributions will be directly allocated to delivery of (predominantly) new entrant seafarer training with some allocation to top-up the skills of existing maritime workers. METL intends to broker training delivery through an existing RTO with scope to deliver seafarer AQF qualifications.
- 6.10 METL is currently applying to become a Group Training Organisation, which when established will be working with industry employers to assist in organising and allocating seetime to ensure that Trainee Integrated Ratings have all the pre-conditions for obtaining their internationally recognised occupational licence from AMSA, as well as attainment of their nationally recognised educational qualification.
- 6.11 METL does not require any direct support from Government as it is self sustaining and provides a comprehensive model to ensure additional training is delivered so that there is a better balance between supply and demand for seafaring labour in the Australian maritime industry. It will provide a key role in helping overcome the perceived and actual drift of seafarers from the from bluewater sector to the offshore oil and gas sector.
- 6.12 However, to ensure there is stability to the METL self sustaining model, we ask the Task Force to support the concept of structured industry contributions to investment in training to support Government investment models for training. It is time in our view that the concept of structured industry contributions to training become mainstream as a part of the labour relations and employment landscape so that industry negotiations on better resourcing of training does not become a matter of industrial contention.
- 6.13 The union is not arguing for inclusion of industry contributions to training as an allowable matter in enterprise negotiations but we strongly believe that there needs to be Government and industry acceptable of the legitimacy of negotiations around solutions that deliver sustainable training outcomes that complement and are linked to enterprise bargained workforce labour relations outcomes.
- 6.14 If the Government can find a way to legitimise such negotiations, the options for training levies, establishment of training investment funds, establishment of endowment funds to foreign investments (as proposed by the Australian Workers Union) can all become part of the workforce planning and labour relations landscape.

## 7. Other issues

### **Supporting the training and employment of Indigenous Australians in the resources sector**

- 7.1 The MUA is currently involved in discussions with Indigenous Land Councils in WA, NT and Qld regarding the development of a formal relationship, possibly through a compact, between resource industry trade unions and Indigenous communities and landowners/titleholders to provide mutual support in relation to negotiations with resource companies on employment training and community development.
- 7.2 Should those discussions proceed to a point where the principles for mutual cooperation between trade unions and the Indigenous Land Councils and the communities they represent are agreed in-principle, the project will be raised with the wider trade union movement and the employer/industry associations aimed at obtaining widespread acceptance on the need for better cooperation among resource sector stakeholders and the Indigenous communities.
- 7.3 The union believes that this model should be supported and encouraged by the Task Force so that it complements and gains the level of recognition that corporate sponsored projects such as the Fortescue Metals Australian Employment Covenant and its related Vocational Training and Employment Centre.
- 7.4 Given the stage of negotiations, the MUA would be prepared to discuss this proposal in camera with the Task Force and with the involvement of the trade union representatives on the Industry Reference Group to the Task Force should there be interest in the concept.

### **The requirement for a tripartite body to ensure coordinated workforce and industry development planning to underpin the sustainability of resource projects in Australia**

- 7.5 The union urges the Task Force to consider establishing a national high level tripartite mechanism to provide a coordinated response to workforce planning and industry development for resource projects so that there are opportunities for the key project stakeholders to examine and plan for project requirements covering:
- Labour demand and supply;
  - Labour relations arrangements, including the provision of social infrastructure like housing/accommodation and community facilities to ensure the attraction/retention opportunities are maximised
  - Employment participation to ensure all sources of labour are treated equitably in opportunity
  - Procurement and Australian content, which is directly linked to employment participation
- 7.6 We note that such models have and are a feature of the industry e.g. the former Timor Gap Task Force, the previous WA Government's Oil and Gas Coordinating Council, the current NT Oil and Gas Forum.

7.7 We also note that the ALP Platform (Chapter 3 Building a 21st century Economy) commits Labor to:

- Maximise the competitiveness of Australian industries in global markets by working in partnership with state and territory governments, industry, businesses, unions, and research centres to lift productivity, improve workforce skills, foster innovation, enhance competitiveness and improve access to overseas markets. Labor has established Enterprise Connect, Industry Innovation Councils, and new research collaboration programs to further these aims; and
- Provide direction to its policies to renew Australia's existing manufacturing capacity, attract new investment and succeed in global markets for new technologies, including climate change solutions through:
  - Establishing Industry Innovation Councils that bring together industry, union, research and education representatives and take a broad and strategic view of innovation; and
  - Establishing tripartite industry working groups.

Table 1: Part A: Oil and Gas Projects - under construction or committed

| Project                                 | Company b   | Location   | Status c                           | Expected Start-up | New Capacity                        | Capital Expend. e      | Employment f |
|---|---|--|------------------------------------|-------------------|-------------------------------------|------------------------|--------------|
| <b>Gorgon LNG</b>                       | Chevron/ Shell/<br>ExxonMobil   | Barrow Island,<br>WA                               | New project,<br>under construction | 2015              | 15 Mt LNG                           | \$43b                  | 3000<br>600  |
| <b>Henry gasfield</b>                   | Santos/ AWE/<br>Mitsui  | 20 km offshore<br>Otway Basin,<br>Vic              | New project,<br>under construction | early 2010        | 11 PJ pa                            | \$275m                 |              |
| <b>Kipper gas project<br/>(stage 1)</b> | Esso/ BHP<br>Billiton/ Santos   | 42 km offshore<br>Gippsland, Vic                   | New project,<br>under construction | 2011              | 30 PJ pa gas, 10<br>kbpd condensate | US\$1.1b<br>(A\$1.3b)  |              |
| <b>Longtom gas project</b>              | Nexus Energy  | Bass St, Vic                                       | New project,<br>under construction | 2010              | 25 PJ pa gas<br>(initially)         | \$300m                 |              |
| <b>Montara/Skua oilfield</b>            | PTTEP   | Timor Sea, 650<br>km W of Darwin,<br>NT            | New project,<br>under construction | na                | 38 kbpd                             | US\$700m<br>(A\$843m)  |              |
| <b>NWS CWLH</b>                         | Woodside<br>Energy/ BHP<br>Billiton/ BP/<br>Chevron/ Shell/<br>Japan Australia<br>LNG | 150 km NW of<br>Dampier,<br>Carnarvon Basin,<br>WA | Expansion, under<br>construction   | 2011              | 60 kbpd of oil, 35<br>PJ pa gas     | US\$1.47b<br>(A\$1.8b) |              |

| <b>Project</b>   | <b>Company b</b>   | <b>Location</b>                           | <b>Status c</b>                 | <b>Expected Start-up</b> | <b>New Capacity</b>          | <b>Capital Expend. e</b>           | <b>Employment f</b> |
|--|--|---|---------------------------------|--------------------------|------------------------------|------------------------------------|---------------------|
| <b>NWS North Rankin B</b>  | Woodside Energy/ BHP Billiton/ BP/ Chevron/ Shell/ Japan Australia LNG | 150 km NW of Dampier, Carnarvon Basin, WA | New project, under construction | 2012                     | 967 PJ pa                    | \$5.1b (A\$6.1b)                   |                     |
| <b>Pluto (train 1)</b>   | Woodside Energy  | Carnarvon Basin/ Burrup Peninsula, WA     | New project, under construction | late 2010                | 4.3 Mt LNG                   | \$12b (inc site works for train 2) | 2000<br>150         |
| <b>Pyrenees</b>  | BHP Billiton/ Apache Energy  | 55 km N of Exmouth, Carnarvon Basin, WA   | New project, under construction | early 2010               | 96 kbpd, 23 PJ pa gas        | US\$1.68b (A\$2b)                  |                     |
| <b>Reindeer gas field/Devil Creek gas processing plant (phase 1)</b> | Apache Energy/ Santos  | 80 km NW of Dampier, Carnarvon Basin, WA  | New project, committed          | late 2011                | 40 PJ pa gas                 | US\$744m (A\$896m)                 |                     |
| <b>Turrum</b>  | ExxonMobil/ BHP Billiton   | Bass St, Vic                              | New project, committed          | 2011                     | 11 kbpd condensate, 75 PJ pa | US\$1.25b (A\$1.5b)                |                     |
| <b>Van Gogh</b>  | Apache Energy/ Inpex   | 50 km N of Exmouth, Carnarvon Basin, WA   | New project, under construction | early 2010               | 38 kbpd                      | US\$546m (\$658m)                  |                     |

**Table 1: Part B: Oil and Gas Projects – Less advanced stage of development**

| <b>Project</b>                                 | <b>Company b</b>   | <b>Location</b>                         | <b>Status c</b>                                   | <b>Expected Start-up</b> | <b>New Capacity</b>                                | <b>Capital Expend. e</b>  | <b>Employment f</b> |
|--|--|---|---|--------------------------|--|---|---------------------|
| <b>Australia Pacific LNG</b>                   | APLNG<br>(Origin/<br>ConocoPhillips)                       | Surat/Bowen<br>basins/Gladstone,<br>Qld | New project,<br>feasibility study<br>under way    | 2014-15                  | 7-8 Mt LNG<br>(initially) 14-16 Mt<br>(ultimately) | \$35b (based<br>on 14 -16<br>Mt LNG),<br>includes<br>production<br>wells, 4<br>LNG trains<br>and 400 km<br>pipeline | 4000-5000<br>1000   |
| <b>Basker, Manta and Gummy gas development</b> | Roc Oil/ Beach<br>Petroleum                                | Offshore,<br>Gippsland Basin,<br>Vic    | Expansion,<br>feasibility study<br>under way      | na                       | up to 46 PJ pa                                     | na  |                     |
| <b>Basker, Manta and Gummy oil development</b> | Roc Oil/ Beach<br>Petroleum                                | Offshore,<br>Gippsland Basin,<br>Vic    | Expansion, FEED<br>studies under way              | na                       | 10 kbpd  | na  |                     |
| <b>Bonaparte (floating LNG)</b>                | Santos/ GDF<br>Suez  | Bonaparte Basin,<br>NT                  | New project,<br>prefeasibility<br>study under way | na                       | 2 Mt LNG   | na  |                     |
| <b>Browse LNG development</b>                  | Woodside<br>Energy/ BP/<br>BHP Billiton/<br>Chevron/ Shell | Browse Basin,<br>offshore WA            | New project,<br>feasibility study<br>under way    | na                       | Up to 15 Mt LNG                                    | na  |                     |

| <b>Project</b>  | <b>Company b</b>             | <b>Location</b>                                       | <b>Status c</b>                           | <b>Expected Start-up</b> | <b>New Capacity</b>                           | <b>Capital Expend. e</b>                                       | <b>Employment f</b> |
|---|------------------------------|---|---|--------------------------|---|--|---------------------|
| <b>Brunello / Julimar (supply for Wheatstone LNG project)</b> | Apache Energy/ KUFPEK        | NW of Dampier, WA                                     | New project, feasibility study under way  | 2013                     | na  | US\$1.84b (A\$2.2b)  |                     |
| <b>Condensate processing facility</b>                         | Darwin Clean Fuels           | Darwin, NT  | New project, feasibility study under way  | 2013                     | 60 kbpd of gasoline, diesel, LPG and jet fuel | \$525m   | 250<br>60           |
| <b>Coniston / Novaro (tie back to Van Gogh)</b>               | Apache Energy/ Inpex         | 50 km N of Exmouth, Carnarvon Basin, WA               | Expansion, prefeasibility study under way | 2012                     | na  | na   |                     |
| <b>Crux liquids project</b>                                   | Nexus Energy/ Osaka gas      | Timor Sea, 600 km N of Broome; 700 km W of Darwin, NT | New project, FEED studies completed       | na                       | 38 kbpd condensate                            | US\$650m (A\$783m)   |                     |
| <b>Curtis LNG project</b>                                     | BG Group                     | Gladstone, Qld  | New project, FEED study under way         | late 2013                | 7.4Mt LNG (12Mt ultimately)                   | \$8b (includes production wells, LNG plant and 380km pipeline) | 3600<br>820         |
| <b>Fisherman's Landing LNG project</b>                        | LNG Ltd/ Golar/ Arrow Energy | Gladstone, Qld  | New project, environment approval granted | late 2012                | 1.5 Mt LNG                                    | \$500m   |                     |

| <b>Project</b>                                  | <b>Company b</b>                | <b>Location</b>                       | <b>Status c</b>                             | <b>Expected Start-up</b> | <b>New Capacity</b>                                      | <b>Capital Expend. e</b>  | <b>Employment f</b> |
|---|---------------------------------|---------------------------------------|---|--------------------------|--|---|---------------------|
| <b>Fisherman's Landing LNG project</b>          | LNG Ltd/<br>Golar/ Arrow Energy | Gladstone, Qld                        | Expansion, feasibility study under way      | na                       | 1.5 Mt LNG   | \$200-250m  |                     |
| <b>Gladstone LNG project</b>                    | Santos/<br>Petronas             | Gladstone, Qld                        | New project, EIS under way                  | 2014                     | 3.5 Mt LNG (initially) 10 Mt (ultimately)                | \$7.7b (includes production wells, 1 LNG train and 435 km pipeline) | 1900                |
| <b>Halyard</b>                                  | Apache Energy/<br>Santos        | 120 km N of Onslow, WA                | New project, FEED studies under way         | 2011                     | 26 PJ pa   | US\$110m (A\$133m)  |                     |
| <b>Ichthys gasfield (incl Darwin LNG plant)</b> | Inpex/ Total                    | Browse Basin (440 km N of Broome), WA | New project, FEED studies under way         | 2015                     | 8 Mt LNG, 100 kbpd condensates, 1.6 Mtpa LPG (initially) | US\$20b (A\$24b)  | 2000<br>300         |
| <b>Kipper gas project (stage 2)</b>             | Esso/ BHP Billiton/<br>Santos   | 42 km offshore Gippsland, Vic         | Expansion, feasibility study under way      | 2015                     | 27 PJ pa   | na  |                     |
| <b>Macedon</b>                                  | BHP Billiton/<br>Apache Energy  | 100 km W of Onslow, WA                | New project, prefeasibility study under way | 2013                     | 77 PJ pa gas   | na  |                     |
| <b>Monash Energy project</b>                    | Anglo American/<br>Shell        | Latrobe Valley, Vic                   | New project, on hold                        | na                       | 60-70 kbpd liquid fuels                                  | na  |                     |

| <b>Project</b>                | <b>Company b</b>  | <b>Location</b>                          | <b>Status c</b>                             | <b>Expected Start-up</b> | <b>New Capacity</b>             | <b>Capital Expend. e</b> | <b>Employment f</b> |
|-------------------------------|---|--|---|--------------------------|---------------------------------|--------------------------|---------------------|
| <b>Pluto (train 2 and 3)</b>  | Woodside Energy   | Carnarvon Basin/<br>Burrup Peninsula, WA | Expansion, feasibility study under way      | na                       | 2 x 4.3 Mt LNG                  | na                       |                     |
| <b>Prelude (floating LNG)</b> | Shell   | 450 km N of Broome, WA                   | New project, prefeasibility study under way | 2016                     | 3.5 Mt LNG                      | na                       |                     |
| <b>Puffin oil field</b>       | AED Oil/Sinopec   | 700 km W of Darwin, NT                   | Expansion, feasibility study under way      | na                       | 10 kbpd                         | na                       |                     |
| <b>Scarborough Gas</b>        | ExxonMobil/<br>BHP Billiton                             | 280 km NW of Onslow, WA                  | New project, prefeasibility study under way | na                       | 6 Mt LNG                        | na                       |                     |
| <b>Shell LNG</b>              | Shell   | Gladstone, Qld                           | New project, feasibility study under way    | 2014                     | 14 Mt of LNG (ultimately 16 Mt) | na                       | 400<br>50           |
| <b>Sunrise Gas project</b>    | Woodside Energy/<br>ConocoPhillips/<br>Shell/ Osaka Gas | Timor Sea, 500 km NW of Darwin, NT       | New project, prefeasibility study under way | na                       | 5.3 Mt LNG                      | na                       | 1000<br>100         |
| <b>Talbot oil field</b>       | AED Oil   | 600 km W of Darwin, NT                   | New project, feasibility study under way    | na                       | 10–20 kbpd                      | na                       |                     |

| <b>Project</b>                       | <b>Company b</b>                               | <b>Location</b>                           | <b>Status c</b>                             | <b>Expected Start-up</b>   | <b>New Capacity</b>                            | <b>Capital Expend. e</b> | <b>Employment f</b> |
|--------------------------------------|--|---|---|----------------------------|--|--------------------------|---------------------|
| <b>Tassie Shoal methanol project</b> | Methanol Australia/ Air Products and Chemicals | Timor Sea, 275 km NW of Darwin, NT        | New project, prefeasibility study under way | Phase 1: na<br>Phase 2: na | Phase 1: 1.75 Mt;<br>Phase 2: 1.75 Mt methanol | na                       |                     |
| <b>Timor Sea LNG project</b>         | Methanol Australia                             | Timor Sea, 275 km NW of Darwin, NT        | New project, prefeasibility study under way | na                         | 3 Mt LNG                                       | US\$2.1b (\$2.5b)        |                     |
| <b>Wheatstone LNG</b>                | Chevron/ Apache Energy/ KUFPEK                 | 145 km NW of Dampier, Carnarvon Basin, WA | New project, FEED study under way           | 2016                       | 8.6 Mt LNG (initially) 25Mt LNG (ultimately)   | US\$17.8b (A\$21b)       |                     |

Source: ABARE

## Department of Education, Employment and Workplace Relations - Survey of Employers' Recruitment Experiences in the Blue Water Maritime Sector 2009 - Executive Summary

In late 2008, the Department conducted a survey of employers' recruitment experiences in the Blue Water sector of the Maritime industry. Thirteen companies were identified as being in scope and 12 responded to the survey.

Results from this survey show that the age of seafarers in the Blue Water sector is a significant issue facing the industry with 49 per cent of the workforce over 45 years of age. There is particular concern regarding the loss of knowledge and experience that will occur when these seafarers retire or move to other sectors within the industry.

The survey found that most employers had attempted to recruit in the 12 months preceding the survey. Word of mouth was the most common method of recruitment but employer and employee databases, such as Employment Advocacy Solutions (EAS) and Maritime Employers Database (MED), were also a popular method of attracting new recruits.

The Survey of Employers' Recruitment Experiences found that recruitment difficulties were experienced by employers attempting to fill vacancies for qualified seafarers. This is due to the strict requirements of the Australian Maritime Safety Authority (AMSA) that all seafarers obtain AMSA certificates as a condition of employment<sup>1</sup>. By contrast, surveyed employers reported they had very little difficulty recruiting entry level seafarers, with all vacancies being filled.

Employers reported a number of challenges when training entry level seafarers. More than half of the surveyed employers reported that the cost of training was a significant issue along with seafarers leaving during or immediately after the completion of training.

Two thirds (67 per cent) of employers expected to recruit in the 12 months following the survey. A relatively large proportion of this recruitment was expected to stem from staff turnover, business growth and the retirement of seafarers in the industry.

The most common reason for staff turnover was the very high competition for qualified seafarers. Around 82 per cent of employers surveyed indicated one or more seafarers left their business to work in the offshore oil and gas sector.

This survey was conducted prior to the economic changes that have occurred as a result of the Global Recession and labour market conditions within the Maritime industry may have changed since late 2008. Accordingly, the results should be used with caution.

**METL Constitution (at November 2009) - Extract – Objects of Company – Clause 2.4**

**Objects of the Company**

The Company's operations are restricted to the provision of training and facilities directly related to the provision of training to Maritime Employees. Under no circumstances may Company funds be distributed to Members of the Company. The objects for which the Company is established are to receive donations and to appropriate such donations and any income derived from investment of donations towards:

- (i) expenses, fees, disbursements and other costs associated with or incidental to activities directly related to the delivery of maritime instruction, training and education to Maritime Employees necessary to equip Maritime Employees with the skills and knowledge to be qualified for and to work as Maritime Employees:
- (ii) expenses, fees, disbursements and other costs associated with or incidental to activities directly related to the establishment and operation of the company; and
- (iii) expenses, fees, disbursements and other costs associated with or incidental to activities directly related to the establishment and operation of a Registered Training Organisation or a Group Training Organisation.

**METL Directors at April 2010**

- Andy Jacob, COO, PTTEP
- David Lawson, Industrial Relations Adviser, Boskalis
- Paddy Crumlin, National Secretary, MUA
- Chris Cain, WA Branch Secretary, MUA

METL is open to new Directors from other sectors of the maritime industry.