

## TRAINING IN THE MARITIME INDUSTRY

### List of contributors

*Unions:* NZ Merchant Service Guild; Maritime Union of NZ; Aviation & Marine Engineers Association; NZ Council of Trade Unions

*Employers:* NZ Shipping Federation; and separately: Silver Fern Shipping Ltd, Toll NZ Consolidated Ltd.

Attached: “Maritime Expertise Shortages”, Tim Wilson, Director NZ Maritime School

### Purpose of paper

This paper co-ordinates the views of contributors on the current issues and suggested solutions in relation to declining training and employment opportunities in the New Zealand coastal shipping industry. The contributors have agreed that a paper produced recently by Tim Wilson, Director of the NZ Maritime School, contains much relevant detail, and it has been appended by consent of the author.

### Background

The Ministers of Transport and Economic Development invited industry stakeholders to gather as a forum to discuss the current circumstances of the New Zealand coastal shipping industry. The forum has identified factors influencing the viability and decline of the industry, including ramifications for employment and training opportunities for New Zealanders. The Ministers have requested this paper to further examine issues affecting training in the industry.

### Executive Summary

- Coastal shipping is one of the very few New Zealand industries in which the government permits direct competition from foreign workers *inside New Zealand*.
- Government policy and foreign competition within New Zealand has dramatically diminished the status of seagoing employment to a risky career choice and has resulted in a steady flow of seafarers emigrating from New Zealand.
- 11% of containerised domestic cargo translates into the capacity for two coastal container vessels, or 40 New Zealand jobs.
- A remote island nation which is heavily reliant on sea transport must maintain a maritime skills base for the future.
- Qualified overseas applicants for maritime industry positions are often preferred to New Zealand candidates. It approving work permits for such applicants, NZ

Immigration Service policy effectively by-passes established industry training programmes.

- The cost of off-the-job training is high for employers; there is no apprenticeship funding and no eligibility for student allowance while cadets are on the job, and remuneration is not guaranteed.
- Deck boy courses, AB refresher courses and motor person courses are no longer offered by the New Zealand Maritime College.
- The average age of ratings is 54 years, and officers and marine engineers 53 and 51 respectively.
- A minimum of 30% of seafarers are over the age of 60 years.
- There are currently no marine engineering cadets and marine engineers are listed on the NZ Immigration Service Occupational Shortages List.
- There are a number of key recommendations at the end of this paper. Most importantly it is recommended that:

Government introduces measures which enable employers to more confidently invest in capital and training; and  
A subsidised training regime be introduced; and  
Immigration policy be more tightly constrained to support industry training.

## **1. Employment and training in the coastal shipping industry**

The NZ coastal shipping fleet totals 16 vessels – comprising two oil tankers, three bulk cement carriers, two rail passenger ferries, 2 roll on roll off passenger vessels, three roll on roll off freight vessels, two conventional freight vessels, and two research vessels. The number has reduced steadily in the past thirty years and four “roros” alone were lost in the last two years.

### **1.1 Overview of current demographics**

- *Ratings/Caterers (Maritime Union of NZ)*

Ratings: The current average age of Able Seamen is 54 years. 30% of ABs are over 60 years old, and additional 40% above 50 years. This translates into 72% of ABs having more than 30 years of work experience at sea, and 17% with more than 40 years’ experience at sea. For caterers, the average age is 47 years.

The Shipping Federation notes that the increasing age and reduced level of fitness is having a detrimental effect on the safety and health of seafarers given that there is no longer a retirement age.

- ***Trainee ratings***

One shipping company currently has 4 trainees and another took on 8. Of those 8, one left to ship out as an Able Seaman in Singapore, two are current ABs on NZ coastal vessels, and 5 continued the training. A number of companies have recognized the need to take on more trainees but cost is an issue. The Maritime Union of NZ notes its concern that deck boy courses, AB refresher courses, and motor person courses are no longer offered by the Maritime College.

- ***Officers (NZ Merchant Service Guild)***

Merchant Service Guild membership encompasses masters, deck officers, maritime pilots, tugmasters, launchmasters, shorebased supervisory personnel with maritime qualifications, and inshore passenger tourism skippers and crew.

The average age of total Merchant Service Guild membership is 51 years, but for members holding seagoing qualifications of Second Mate Foreign Going and above, the average age rises to 53 years. Declining coastal job opportunities has forced members to seek overseas employment so that the proportion of Guild membership employed in coastal shipping has dropped from approximately 80% in the late 1970s, to around 30% today.

The percentage of total coastal seagoing members who are over 40, 50 and 60 years is 90%, 66%, and 35% respectively.

For maritime pilots, the average age is 50 years. The Guild represents 63 maritime pilots employed at 13 ports in New Zealand. Up until recently, those pilots were drawn from New Zealand's pool of seagoing staff. However two companies recently engaged pilots who required work permits to be issued.

- ***Officer Cadets (NZ Merchant Service Guild)***

The number of officer cadets is currently 11, compared to more than 100 in the 1970s. A cadet in the 1970s earned \$98 per fortnight or approximately 40% of a junior officer's wage. Today, cadets are employed in four New Zealand companies, only three of which pay them a wage pitched at approximately 30% of a basic salary for the most junior qualified officer. The remaining company provides only a berth on the ship to enable the cadet to earn the requisite sea service. Other cadets who are members of the Guild and who have studied at the NZ Maritime College, are employed by overseas shipping companies and will probably not return to New Zealand because of low employment prospects.

The difficulties in obtaining qualifying sea service are immense in a declining industry<sup>1</sup>.

- ***Marine Engineers (AMEA)***

The average age of marine engineers is also 51 years. Over the past 20 years the number of qualified marine engineers working at sea has declined by 30%. Declining job opportunities at sea has forced marine engineers into shore based engineering jobs where stability is greater.

Currently there are no engineering cadets, apprentices or trainees on any New Zealand Merchant vessels. Marine Engineers are now listed in the NZ Immigration Service Occupational Shortages List.

## **1.2 Potential Employment Opportunities**

- ***Maritime Infrastructure***

Many marine managers, operations managers, TAIC and MNZ inspectors, investigators and other senior managers are former mariners and indeed former members of the Merchant Service Guild.

Harbour pilots have traditionally been recruited from seagoing officers. The minimum qualification for a harbour pilot presently is a Master Foreign Going certificate. To obtain a Master Foreign Going certificate requires 9 months' study at a specialised nautical college, and extensive sea time as a second officer and/or Chief Officer<sup>2</sup>. Training programmes established recently under the pilotage maritime rule<sup>3</sup> are mandatory and approved by Maritime New Zealand.

Harbourmasters have also been traditionally drawn from the NZ maritime industry. New Zealand has 15 main harbours and up to 8 smaller harbours, all of which require a harbourmaster. The minimum qualification for a harbourmaster in one of the main ports is Master Foreign Going, and in the smaller harbours lower certificates are acceptable.

Maritime qualified officer and engineering personnel are also employed in the following infrastructural roles: Marine Superintendent, Vessel or Operations Manager, Stevedoring Supervisor, Ship Planner, Maritime Safety Inspectors, Investigators, Enforcement Officers, Policy/Standards Experts, government or consultant Marine Surveyors, or Marine Engineering Superintendents

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<sup>1</sup> Refer Tim Wilson paper

<sup>2</sup> Ref: Part 32 Maritime Rules

<sup>3</sup> Part 90 Maritime Rules

- ***The sea as a career***

Going to sea is no longer perceived as a viable career choice. Coastal shipping is one of the very few New Zealand industries in which the government permits direct competition from foreign workers *inside New Zealand*. The other industry subjected to the same exposure is the New Zealand fishing industry. Since the 1980s employment opportunities in the fishing industry have been virtually wiped out by the introduction of time chartered fishing vessels. Work permits issued for these positions total between 3,000 and 4,000 every year. Despite NZ's immigration policy objective to protect these job opportunities for New Zealanders, no government data in any relevant ministry<sup>4</sup> exists on the number of New Zealanders employed on these vessels.

Island nations need a robust maritime industry. Despite a worsening worldwide shortage of maritime officers, government policy and foreign competition within New Zealand has dramatically diminished the status of seagoing employment to a risky career choice. The pessimistic outlook for the industry deters many from pursuing the vocation.

The Minister of Transport obtained data which indicates that foreign vessels are carrying a minimum of 11% of domestic containerised cargo, or 30,000 containers, and 14% of non-containerised domestic. Even if the figures are understated as some suspect, the 11% alone translates into capacity for two coastal container vessels, or around 40 lost jobs for New Zealanders.

## **2. The Issues**

### **2.1 Cost of off-the-job training**

The Shipping Federation notes that the cost of off-the-job training is high for employers. There is no apprenticeship funding for the industry, and no student allowance facility while students are gaining sea time. Maritime officer courses require considerable periods of time away from the job. Recruitment of suitable candidates is therefore essential, but with a decreasing number of positions in a declining industry, the candidate pool is necessarily reduced.

### **2.2 Conditions for cadets**

The Merchant Service Guild notes that in a declining industry, cadets and trainees experience significant difficulties in gaining requisite sea service as required by Part 32 Maritime Rules. This rule is due for review and comparisons with the

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<sup>4</sup> Ministers of Labour, Employment, Agriculture and Fishing, and Statistics.

Australian sea service regime are inevitable. The Australian system classifies all voyages of greater duration than 24 hours, (coastal or foreign-going), as “foreign-going” seetime, making for much faster qualifying time to gain higher certificates. Weighing against this is the need to maintain a robust qualifications framework which preserves proficiency levels.

If cadets are fortunate enough to find an employer to take them on, remuneration is not guaranteed, and for training periods spent at sea and not studying at a recognised training provider, no student allowance is payable. This problem has been raised with the relevant institution and minister and dealt with case by case, but to date there has been no policy change on this matter.

### 2.3 **Officer shortage worldwide**

The BIMCO/ISF Manpower update of 2000<sup>5</sup> calculates the worldwide officer shortage at 16,000 and projects that will increase to nearly 50,000 by 2010. New figures, expected to be higher, will be released in approximately November this year in the 2005 Manpower Update.

Despite this shortage, foreign competition and lack of government support for NZ coastal shipping yields low trainee numbers.

The Shipping Federation is concerned that poaching of qualified officers, both within and outside NZ, is also a problem and acts as a disincentive for employers to support training, particularly where a pool of qualified candidates previously made redundant, or from the navy and fishing industry, is often used in a reduced employment market at the expense of training. Employers also frequently receive applications for employment from qualified seafarers overseas. The future of the industry is uncertain and this compounds the training issue. The Shipping Federation considers that the “last on, first off” redundancy policy mitigates against the reduction of the overall age profile. It says this, coupled with the removal of a retirement age, blocks progression of younger employees through the ranks. There are simply too few trainees.

### 2.4 **Immigration Policy**

Maritime unions are increasingly faced with the prospect of non-NZ job applicants being offered positions.

New Zealand Immigration Service work permit policy objectives include the protection of employment opportunities for New Zealanders.

The policy objective states it aims:

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<sup>5</sup> Baltic & International Maritime Council and the International Shipping Federation Manpower Update 2000

*“...to contribute to developing New Zealand’s human capability base”*

to be achieved by:

*“facilitating the access of New Zealand employers and New Zealand industry to global skills and knowledge while complementing the government’s education, training, employment and economic development policies.”*

Qualified overseas applicants are often preferred to New Zealand candidates. In processing work permit applications for such candidates, the NZ Immigration Service has shown no support for established training programmes.

Recent applications from employers for work permits for non-New Zealand residents to take up positions in the industry have been objected to by the Merchant Service Guild on the grounds that suitably qualified and experienced New Zealand applicants, or New Zealand applicants who could be readily trained, had applied for the positions. Our objections to the work permit applications pointed out that granting the permit would effectively circumvent established training programmes. The NZIS did not uphold the objections and is not obliged to give reasons. Other unions have had similar experiences.

NZIS employer accreditation criteria requires the applicant to demonstrate a commitment to training New Zealanders, but in large organisations, this question may be obfuscated. An employer may train New Zealanders in one occupation, but carry out a policy to employ foreign labour in another occupation.

## **2.5 Impact of decline of coastal shipping on ratings**

The Maritime Union of NZ points out that lack of government funding and the ‘open coast’ policy which allows foreign employers monopoly of the NZ coast has resulted in a steady flow of seafarers emigrating to Australia attracted by superior skilled rates and job opportunities there.

## **2.6 Ramifications for maritime infrastructure**

New Zealand’s pool of licensed foreign going or coastal masters and deck officers, and qualified marine engineers is diminishing at an alarming rate. If no action is taken now, there will be no New Zealand-grown maritime infrastructure.

A remote island nation which is heavily reliant on sea transport, must maintain a maritime skills base for the future, and this is very definitely a government issue that needs addressing.

### 3. **Suggestion Solutions**

#### 3.1 The unions and Shipping Federation support the following:

- *Support the coastal shipping industry*

Create an environment for employers to be more confident about investing in:

1. Capital; and
2. Training.

[Refer to proposals raised in the Coastal Shipping Forum]

- *Subsidised training regime*

Introduce training grants to employers and extend eligibility for student allowance to cadets/trainees while they are gaining sea service either on coastal or overseas vessels.

- *Amend sea service requirements*

Review restrictions on sea service and explore the Australian sea service model.

#### 3.2 The Merchant Service Guild additionally proposes:

- *Immigration policy amendments*

- (a) Introduce work permit criteria so that employer applicants must train one New Zealander for every work permit application granted.
- (b) Strengthen employer accreditation criteria to require more comprehensive demonstration of training commitment for the particular occupation the employer seeks to fill with non-New Zealand candidate/s

#### 3.3 The NZ Shipping Federation additionally proposes:

- Introduce new profiling techniques for selecting cadets/trainees to avoid 'training wastage' and vindicate the effort and finance expended in selecting and training candidates.
- Seafarer training to fit modern apprenticeship scheme, ie managing and mentoring of trainees/cadets via an established organisation/sponsor company
- Training should be standards-based as opposed to time-based. Time based training does not guarantee that skill levels have been achieved.
- Support training specific to shoreside jobs with no or limited seetime required to meet immediate shortfall in skills.