



Australian Government

Australian Government response to the
Rural and Regional Affairs and Transport Legislation
Committee report:

Coastal Trading (Revitalising Australian
Shipping) Amendment Bill 2017 [Provisions]

JUNE 2018

The current coastal trading regime

Between 2004-05 and 2014-15, shipping's share of Australian freight fell from approximately 25 per cent to around 17 per cent, while the volume of freight across Australia grew by around 55 per cent. Between 2010 and 2030, Australia's overall freight task is expected to grow by about 80 per cent. Coastal shipping, in contrast, is only forecast to increase by around 15 per cent in the period to 2030. There is a question over whether shipping should increase its share of the task, given it is a cheap, safe, efficient and environmentally friendly mode of transport.

Successive governments have explored different ways to regulate coastal shipping with the aim of increasing the number of Australian ships in both international and coastal trading sectors. Nevertheless, foreign ships have always been necessary to satisfy the demand for shipping services, including in the coastal sector.

Since the implementation of the current regulatory regime in 2012, the decline in the number of Australian general licence vessels has continued, and the carrying capacity of these ships decreased by 69 per cent from 2011-12 to 2015-16. No ships have been registered on the Australian International Shipping Register (AISR) since its establishment in 2012. The AISR requires that the owner of a ship negotiate a collective agreement with a seafarers' bargaining unit before the ship can be registered and that the ship be engaged in predominantly international trade.

User and stakeholder feedback indicates the current regulation of coastal shipping creates a range of administrative issues for shipping companies and Australian businesses that use coastal shipping, resulting in a substantial regulatory burden. This has prevented foreign shipping companies from being able to participate in coastal shipping – even where there are no Australian vessels available to carry the goods.

In discussions with stakeholders, during consultation undertaken by Government in 2016 and 2017, concerns were raised about the current requirement to apply for voyages in groups of five or more, risks associated with the variation of voyages, and the inefficient process for providing opportunity to Australian operators to compete for cargo or passenger carrying opportunities even where no such Australian operators existed. Other concerns related to the existing tolerance provisions (date and volume) and the requirement to vary already authorised voyages in situations where the strict tolerance provisions could not be met. Stakeholders have argued if the Government was not planning to proceed with wholesale reform of Australia's cabotage rules, the Coastal Trading Act should be amended to reduce red tape and remove the inflexibility within the current framework.

Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017

In March 2017, the then Minister for Infrastructure and Transport, the Hon Darren Chester MP, released the Coastal Shipping Reform Discussion Paper (the discussion paper) seeking stakeholder comment on a series of proposed legislative amendments. The discussion paper took a pragmatic approach to coastal shipping reform by exploring amendments to the existing regime.

The proposed amendments were not intended to make wholesale changes to the current regime but rather retain its basic structure, while removing aspects which stakeholders reported were unreasonably limiting, inflexible, or onerous. The legislative amendments in the Bill were all detailed and explained in the discussion paper.

The Bill will:

- remove the five-voyage minimum requirement to apply for a temporary licence;
- streamline the processes for making changes to temporary licences by creating a single variation process;
- amend voyage notification requirements so notifications are only required when voyage details have changed from those approved on the licence;
- amend the tolerance provisions for temporary licence voyages to better reflect industry practice;
- allow for temporary licences to be issued in emergency situations;
- amend the definition of coastal trading to include voyages commencing and concluding at the same port;
- allow the coastal trading regime to include ships engaged in dry-docking;
- amend the definition of coastal trading to include voyages between ports and other defined places in Australian waters such as offshore facilities;
- require temporary licence holders to provide a vessel's International Maritime Organization (IMO) number to assist with easy identification of vessels; and
- make minor technical amendments to several definitions in the Coastal Trading Act that require clarification to assist with administration.

The current coastal trading regime was implemented in 2012, as part of an integrated suite of reforms designed to promote a viable Australian shipping industry and provide a stable fiscal and regulatory regime to encourage investment. It was intended to revitalise Australian shipping by providing Australian general licensed vessels with unrestricted, uncontested access to cargo and passengers. The proposed amendments to the current regime will not alter the original intent of the 2012 reforms.

In addition, the proposed changes will not take away protection from Australian flagged vessels operating under general licences. These Australian licensed vessels will still maintain unrestricted access to the Australian coast and have the opportunity to negotiate to perform coastal voyages they are interested in.

The changes in the Bill will not change the application of the Fair Work Act 2009, and mandate the provision of additional identification information, a vessel's IMO number, which should assist in enforcement of the Fair Work Act 2009.

Senate Rural and Regional Affairs and Transport Legislation Committee report into the Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017

On 19 October 2017, the Senate Selection of Bills Committee referred the provisions of the Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017 (the Bill) to the Rural and Regional Affairs and Transport Legislation Committee (the Committee). The Committee received 19 submissions to the inquiry from industry peak bodies, unions and individuals.

On 4 December 2017, the Committee published its report with additional comments provided by Senator the Hon Eric Abetz, Senator for Tasmania, and dissenting reports from Labor Senators, Senator Glenn Sterle, Senator for Western Australia, and Senator Malarndirri McCarthy, Senator for the Northern Territory. A second dissenting report was provided by Greens Senator Janet Rice, Senator for Victoria. The Committee recommended that the Bill be passed.

The Australian Government's responses to the recommendations of the report, additional comments and dissenting reports are as follows.

Rec No	Recommendation	Government Response
Rec 1	The Committee recommends that the bill be passed.	The Australian Government supports the recommendation.

Rec No	Additional Comments from Senator the Hon. Eric Abetz Recommendation	Government response
Rec 1	That the Government progress wider coastal shipping reform in order to support jobs and investment in Tasmania and around Australia.	<p>The Australian Government notes this recommendation.</p> <p>The government has taken a pragmatic approach to coastal trading reform within the existing regime.</p>

Rec No	Opposition dissenting report	Government response
Rec 1	<p>However, the Bill currently before the Parliament will only accelerate the industry's decline, eventually consigning Australia's status as a proud maritime nation to the history pages. That would be an unbelievable development given we are an island continent, almost all of our imports and exports are transported in the hull of ships, and even more significantly, a tenth of global sea trade flows through our ports.</p> <p>Accordingly we recommend the Bill be opposed in its entirety.</p>	<p>The Australian Government notes this recommendation.</p> <p>The bill does not propose substantial changes to the current coastal trading regime, however, it does propose amendments which would reduce red tape and simplify the administration of the coastal trading regime.</p>

Rec No	Australian Greens Dissenting Report Recommendation	Government response
Rec 1	The Australian Greens recommend that the Senate reject the Bill.	<p>The Australian Government notes this recommendation.</p> <p>See comment on the opposition dissenting report.</p>