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20 April 2012

The Secretary  
Senate Economics Committees  
SG.64  
PO Box 6100  
Parliament House  
**CANBERRA ACT 2600**

By email: [economics.sen@aph.gov.au](mailto:economics.sen@aph.gov.au)

**RE: PARLIAMENTARY INQUIRY INTO THE SUITE OF MARITIME REFORM BILLS**

I refer to the Inquiry on the *Suite of Maritime Reform Bills* (the Maritime Reform Bills) by the Senate Economics Legislation Committee and in particular the invite from the Parliamentary Committee to participate in the Inquiry. The Maritime Reform Bills under review include the:

- *Coastal Trading (Revitalising Australian Shipping) Bill 2012* (the Coastal Trading Bill);
- *Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Bill 2012*;
- *Shipping Registration Amendment (Australian International Shipping Register) Bill 2012*;
- *Shipping Reform (Tax Incentives) Bill 2012*; and
- *Tax Laws Amendment (Shipping Reform) Bill 2012*.

The Maritime Reform Bills have also been referred to the Standing Committee on Infrastructure and Communications and the Senate Standing Committee on Education, Employment and Workplace Relations.

Suncorp welcomes the opportunity to contribute to the discussion. The below discussion repeats submissions lodged in response to various departmental reviews into the suite of Maritime Reform Bills.

**The Suncorp Group**

Suncorp Group Limited and its related bodies corporate and subsidiaries (collectively 'Suncorp') offers a range of financial products and services in banking (Suncorp Bank), general insurance, life insurance and superannuation (Suncorp Life) across Australia and New Zealand. Suncorp has around 16,000 employees located across Australia and relationships with over nine million customers.

Suncorp offers statutory insurance products through our mass brands: AAMI, GIO, Suncorp and Vero. GIO is the predominant brand for statutory workers compensation insurance, with Vero underwriting the seafarers' workers compensation insurance products. Vero offers a range of commercial marine insurance products including conventional and specialised marine cargo, loss of income covers, road carriers' liability, marine hull and liability.

This submission is made on behalf of the Suncorp Commercial Insurance division.

**The Suite of Maritime Reform Bills**

Suncorp commends and supports the Federal Government's broad initiative to revitalise the Australian shipping industry through the introduction of significant legislative reform and review of the shipping sector. Suncorp has lodged submissions in respect to departmental discussion papers released earlier this year in respect to the same suite of Bills referred for Parliamentary Inquiry as well as the:

- *Marine Safety (Domestic Commercial Vessel) National Law Bill 2012*;

- *Navigation Bill 2012; and*
- *Seacare Jurisdictional Coverage—Discussion Paper.*

As stated in our previous submissions, Suncorp's interest in the Maritime legislative reform is twofold. First, the safety of crew and property related to Australian vessels through the application of best practice risk mitigation strategies. Secondly, the reduction of the regulatory burden, wherever possible, for operators of Australian vessels operating in more than one jurisdiction, covered by Australian law.

Suncorp confines its comments to overarching principles in respect to the significant legislative reform of the Australian shipping industry, which involves interaction with numerous pieces of legislation.

### **Scope, Objectives and Key Definitions**

Suncorp considers it vital that the scope, objectives and key definitions be clear and consistent to ensure seamless interaction of all pieces of relevant legislation, relating to the maritime industry and relevant insurance. The aim is to provide clarity and avoid the potential for disputes.

The terms 'domestic commercial vessel' and 'recreational vessels' are examples of terms that require consistent definitions across all relevant legislation. For the sake of clarity and consistency, Suncorp submits the following be considered:

- the term 'recreational vessel'<sup>1</sup> be standardised and defined consistently with the term 'pleasure craft' used in Section 9 of the *Insurance Contracts Act 1984* (Cth);
- the jurisdictional scope of relevant legislation should be standardised to the 200 nautical miles limit of the Australian Exclusive Economic Zone; and
- a consistency of approach in respect to any marine environment protection provisions and relevant State and Federal legislation and any conventions, such as
  - *Transport Operations (Marine Pollution) Act 1995* (Qld) (TOMPA);
  - *Great Barrier Reef Marine Park Act 1975* (Qld) (GBRMPA); and
  - *Protection of Sea (Civil Liability for Bunker Oil Pollution Damage) Act 2008* (Cth) (the Bunkers Act).

Suncorp supports the proposed taxation incentives to invigorate the Australian shipping industry. This may also be an opportunity to consider other tax incentives that would assist with this outcome. For example, abolition of stamp duties that currently apply to marine insurance should be considered.

### **Eligibility Criteria for the Access to Taxation Concessions**

A key element to establish eligibility for taxation concessions is the mandatory training requirement. This requirement is to be set in regulation, yet to be released. Suncorp submits that the mandatory training requirement includes best practice occupational, health and safety training consistent with the standards applied in the harmonised arrangements of the occupational health and safety laws that came into effect in many Australian States from 1 January 2012.

### **Extending the Scope of Australian Laws**

The Coastal Trading Bill provides the regulatory framework for access by vessels to coastal trading in Australia. No vessel may engage in coastal trading unless it has an appropriate licence issued under the Coastal Trading Bill.

With the establishment of the Australian International Shipping Register (AISR),<sup>2</sup> alongside the already existing General Register, it is expected that vessels registered on the AISR will primarily be engaged in international trading. International conventions in respect to seafarer safety, workers compensation and employment conditions are intended to cover vessels registered on the AISR that conduct international trade.

<sup>1</sup> As used in *Marine Safety (Domestic Commercial Vessel) National Law Bill 2012*

<sup>2</sup> *Shipping Registration Amendment (Australian International Shipping Register) Bill 2012*

It is intended that the scope of Australian laws, in particular the *Seafarers Rehabilitation and Compensation Act 1992* (the Seafarers Scheme) will be extended to vessels registered on the AISR that engage in coastal trading (as opposed to international trade) under temporary or emergency licences. The scope of the Australian laws does not extend to foreign vessels engaging in coastal trading under temporary or emergency licences.

Vessels registered on the AISR that engage in coastal trading under temporary or emergency licences are permitted to carry a mix crew of Australians and non Australians. Increasing the pool of non Australians eligible for coverage under the Seafarers Scheme may become problematic.

Managing ongoing medical treatment, return to work initiatives and entitlement to compensation when a non Australian seafarer returns to the country of residence presents difficulties, as there is little or no oversight over the nature and scope of medical treatment, return to work initiatives or retraining when return to pre-accident employment is not possible. This argument applies equally to Australian seafarers suffering a permanent injury deciding to reside outside Australia.

Increasing the pool of non Australian seafarers into the Seafarers Scheme is likely to lead to an overall increase in claims costs. This in turn will put upward pressure on premiums which will add to the overall cost of employment. Potentially this may adversely impact the intent of the Australian shipping industry revitalisation strategy.

Further, undue regulatory burden may be created for ship operators. The availability of suitable seafarers' workers compensation insurance under Australian law for non Australian seafarers may become problematic. Alternatively, purchasing and managing separate policies of seafarers' workers compensation insurance for Australian seafarers and non Australian seafarers would be unnecessarily onerous for ship operators.

In response to the Seacare Jurisdictional Coverage—Discussion Paper,<sup>3</sup> Suncorp suggested a number of options in response to this challenge, namely:

- excluding non Australian seafarers from access to the Seafarers Scheme; and/or
- reviewing the limits applied to benefits available to non Australian seafarers or Australian seafarers who reside overseas through the following methods:
  - applying a dollar cap to benefits; or
  - discontinue access to benefits where the medical certificate is not able to be signed by an approved medical practitioner, to be defined; or
  - discontinue access to benefits where the seafarer is unable or unwilling to participate in assessments of incapacity, approved rehabilitation, vocational re-education programs or actively seek alternative employment, to be defined.

Comcare and most other Australian jurisdictions have established procedures to determine ongoing entitlement of workers compensation benefits whilst workers are residing overseas. It is recommended that these procedures be reviewed and the best practice considered for adoption in the Seafarers Scheme. It would also be a timely opportunity to clearly define benefits in terms of limits, eligibility and obligations to facilitate consistency between the Seafarers Scheme and other Australian workers compensation schemes.

## **General Comments**

The suite of Maritime Reform Bills is part of wider initiative to invigorate the Australian shipping industry. As the initiative involves the introduction of seven (7) Bills and review of the jurisdictional cover of the Seafarers Scheme, it represents significant reform in the area.

In this environment, it is essential that the scope, objectives and key definitions are consistent across all pieces of interrelated legislation including legislation covering occupational, health and safety; workers compensation, general and maritime insurance. This is essential to ensure clear, consistent cost-effective, targeted, outcomes-based risk mitigation strategies that protect the welfare of seafarers, safety of marine property whilst invigorating the Australian shipping industry.

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<sup>3</sup> Issued by the Seafarers Safety, Rehabilitation and Compensation Authority

Accordingly, Suncorp suggests there be a review of the maritime sector reform - once implemented - to ensure there are no unintended consequences or adverse impacts upon the Seafarers Scheme. Surveillance at the implementation stage may be required to ensure any emerging issues are resolved in a timely manner.

Suncorp is keen to work collaboratively with the Commonwealth Government, Seacare Authority, the AMSA and the Department of Infrastructure and Transport to achieve the right policy settings for the Seafarers Scheme in the context of the overall maritime reform agenda. It is also timely to consider the regulatory burden on vessel operators subject to Australian law.

Suncorp is willing to discuss our submission and any other matters relating to the maritime sector reform with you. If you wish to do so, please contact me on 03 8681 9428 or 0425 294 903. Alternatively, please contact Mike Thomas – Manager, Government and Stakeholder Relations on 02 8121 3115 or 0419 772 069.

Yours faithfully

Annabelle Butler  
**Executive Manager**  
**Public Policy and Stakeholder Management**