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Senate Rural and Regional Affairs and Transport Legislation Committee
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Parliament House
Canberra ACT 2600
Australia

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**Shipping Australia Limited's Submission to Inquiry into the Provisions of the Coastal Trading
(Revitalising Australian Shipping) Amendment Bill 2017**

About Shipping Australia Limited

Shipping Australia Limited (SAL) is a peak shipowner association with 36-member lines and shipping agents and 50 corporate associate members, which generally provide services to the maritime industry in Australia. Our member lines are involved with over 80 per cent of Australia's international trade and car trade as well as over 70 per cent of our break-bulk and bulk trade. A small number of our members are also actively engaged in the provision of coastal cargo services to Australian consignors and consignees; this number has reduced since legislative changes in 2012.

A major focus of SAL is to promote efficient and effective maritime trade for Australia whilst advancing the interests of ship-owners and shipping agents. SAL also provides secretariat services to the liner companies and agencies that are members of conferences, discussion agreements, consortia and joint services that have their agreements registered under Part X of the *Australian Competition and Consumer Act 2012*. These agreements specifically seek to facilitate and encourage growth of Australia's liner shipping trades.

Six of our member shipping companies with ships of various foreign flags currently engage in the provision of coastal cargo services to Australian consignors and consignees. Our other member lines do not currently participate in the coastal trade for various reasons; some withdrew from the trade due to administrative and cost burdens of the Fair Work Act and Coastal Trading Act. All of these non-participating members indicate that they may participate in the carriage of coastal cargo if the regulations were to change.

SAL is pleased to make the following submission to the Inquiry into the Provisions of the *Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017*.

Scope

In the absence of a Terms of Reference for the Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017 [Provisions] inquiry, SAL will address the *reasons for referral/principal issues for consideration* which were provided to the Senate on 19 October 2017 to support the Bill being referred to a committee.

Introduction

In the ongoing discussion of the coastal shipping legislation two diverging perspectives have emerged. This is being most clearly demonstrated while concurrent Senate Standing Committees on Rural and Regional Affairs and Transport inquiries were being conducted, namely,

- The Shipping Legislation Amendment Bill 2015: referred 25/6/2015 and reported 12/10/2015; and
- Increasing use of so-called Flag of Convenience shipping in Australia: referred 18/6/2015 and reported 19/7/2017.

For the committee's convenience, this submission aims to provide clarity by addressing the **reasons for referral/principal issues for consideration (Section A)** and presenting an examination of both perspectives. These perspectives will be based on the views of Shipping Australia Ltd, the peak body for international shipping lines and agents that operate in Australia (Perspective A), and public statements made by the Shadow Minister for Infrastructure, Transport, Cities and Regional Development (Perspective B).

Additionally, an extract of SAL's comments on the proposed amendments to the *Coastal Trading Act 2012*, (now reflected in the Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017) submitted in May 2017, is included at **Section B**, below.

Section A Reasons for referral/principal issues for consideration

1. Whether it is in Australia's national interest for Australia to have a maritime industry

Perspective A

The maritime industry in Australia currently facilitates 99% of the nation's international trade which is 10% of the world's cargo.

It is in the national interest to maximise the utilisation of the maritime industry in domestic supply chains as this will reduce freight costs, carbon emissions, congestion and infrastructure expenditure, and it will increase transport safety, the efficiency of domestic and international supply chains and support productive industries to develop export markets.

Revitalising the maritime industry for the national interest would be further facilitated by prioritising port-centric infrastructure development. Infrastructure dedicated to port connectivity, rather than inter-state road and rail connections, would provide greater separation of freight and commuters thereby improving public and private transport efficiency and safety. These efficiencies combined with greater utilisation of the lowest energy intensive mode of transport (i.e. shipping) would also maximise the reduction of Australia's transport carbon emissions.

Perspective B: *Shadow Minister for Infrastructure, Transport, Cities and Regional Development*
“Our goal was simple: more Australian seafarers crewing more Australian flagged ships carrying more Australian goods around the Australian coastline”.¹

“Labor wants to see the Australian flag flying proudly off the back of vessels working in waters around Australia and around the world”.²

2. What regulatory settings are appropriate to support coastal shipping as the base of a maritime industry

Perspective B: *Shadow Minister for Infrastructure, Transport, Cities and Regional Development*
“We put in place far-reaching reforms designed to reduce the costs faced by Australian shippers and level the playing field with their international competitors...”

For Australian shipping companies the package included a zero-tax rate, more generous accelerated depreciation arrangements, rollover relief for selected capital assets, new tax incentives to employ Australian seafarers and an exemption from the Royalty Withholding Tax for ‘bareboat’ leased vessels...

Importantly, Labor’s changes did not preclude the use of foreign vessels. They simply required firms needing to move freight between Australian ports to first seek out an Australian operator. When none were available, foreign vessels could be used so long as they paid Australian-level wages on domestic sectors...

For Labor’s suite of reforms to work, they needed time. Unfortunately, even before the reforms took effect the Coalition sought to undermine them. Their attacks were calculated to create uncertainty and doubt in the minds of those considering investing in the Australian industry as to the durability of the regulatory changes and the new tax incentives”.¹

Perspective A

Regulatory settings that will support coastal shipping as the base of a maritime industry are those that will maximise integration of the domestic freight task with the international supply chain. As shipping is a service industry, regulatory settings that minimise the barriers for customers to utilise coastal shipping are required.

The current regulatory settings are such that Infrastructure Australia, the independent statutory body with a mandate to scrutinise Infrastructure Investment Projects above \$100M, was able to ignore any business case involving coastal shipping amongst the range of individual risks with the potential to impact the viability of the multi-billion-dollar Inland Rail project. This oversight occurred despite the Freight on Rail Group submitting to the Committee’s 2015 Inquiry that the proposed amendments to the Coastal Trading Act 2012 would “damage the domestic land freight industry through a loss of revenue and a reduction in the capacity of the rail freight industry to invest in infrastructure”.

The regulatory settings for operations carried out with a temporary licence, such as a minimum requirement of five voyages and cargo maximum and minimum thresholds, are an arbitrary barrier for specific shipping trades such as containers, cars and heavy lift cargo which will be addressed by the 2017 Bill.

¹ <http://anthonyalbanese.com.au/the-case-for-an-australian-shipping-industry-opinion-lloyds-list-australia>

² <http://anthonyalbanese.com.au/labors-positive-plan-for-shipping>

For the bulk cargo market, the evidence that the regulatory settings of the Coastal Trading Act 2012 were problematic emerged during Federal Labor's term of Government when within four months of its commencement the Canadian Shipping Line (CSL), who were operating more than ten Australian flagged and crewed ships, sought clarity through the Federal Court of the matters to be taken into consideration by the Minister when granting a Temporary Licence. While rejecting the proposition that a bias towards Australian flagged vessels should be adopted, the court also noted that the Act was not introduced to ensure shippers received the lowest freight rates. Today, CSL have four Australian flagged vessels.

3. Whether Australia should throw open its coast in a manner not matched by comparable developed nations

Perspective A

In its 2016 review of the maritime industry the United Nations Conference on Trade and Development asked - "Are policymakers more concerned about the nationally flagged fleet or the attractiveness of national seaports?", and gave the following analysis:

'In many countries, maritime cabotage (shipping between two national seaports) remains reserved for nationally flagged ships, at times for reasons of national security. Such a cargo reservation regime also protects national shipowners and seafarers employed on nationally flagged ships from foreign competition... such a limitation puts national ports at a disadvantage when competing for trans-shipment services. For example, cabotage restrictions in Argentina, India, Malaysia, and the United States have effectively enhanced the competitiveness of transshipment services in, respectively, Uruguay, Sri Lanka, Singapore and the Bahamas.'

This analysis points out that when comparing national cabotage policies the relevant country to compare with should be the one which will compete for transshipment cargo. For Australia this is New Zealand. It appears that New Zealand has heeded the advice of the joint Australian and New Zealand Productivity Commissions which reported in 2012 that "Australian cabotage can directly benefit local shipowners and maritime workers, [but] it does so at the expense of the wider community".

As commentators have observed: "New Zealand's cabotage laws are in contrast to the bureaucratic and inflexible laws that shippers and carriers presently endure in Australia".³

The impact is evidenced by the world's biggest container shipping company now calling the port of Tauranga New Zealand with vessels above 11,000 TEU (compared to the largest container ship to ever dock in Australia being the one-time arrival of 8,500 TEU vessel) and operating feeder size ships across the Tasman Sea. Australia is effectively enhancing the competitiveness of transshipment services in New Zealand and if policy-makers choose to continue to nurture ambitions of a nationally flagged fleet rather than the attractiveness of our national seaports ultimately there will be negative consequences for Australia's competitiveness and standard of living.

Perspective B

"These measures (in the Coastal Trading Act 2012) were based on the extensive reform programmes that had already been implemented by other maritime nations including the United Kingdom, Japan, China and Denmark. For example, when the UK Government introduced a

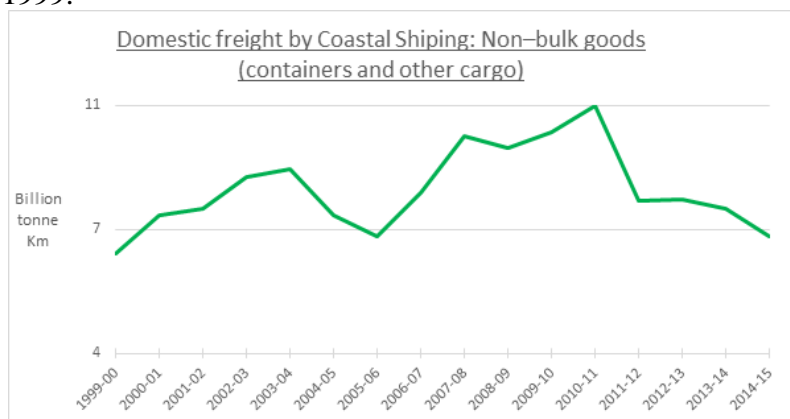
³ Thompson M and Cockrell J (2015). Cabotage in New Zealand and Australia: A world of difference between neighbours? Insight and Knowledge. 13 July. Available at <https://www.clydeco.com/insight/article/cabotage-in-new-zealand-and-australia-a-world-of-difference-between-neighbo>

tonnage tax in 2000 its fleet almost doubled in size in just the next seven years. So, while others were employing policies to keep their industry afloat, ours was sinking into oblivion”.¹

4. Economic factors arising from throwing open the Australian coast

Perspective A

Despite the commercial, social and environmental benefits of coastal shipping, the following graph illustrates that the amount of work performed by coastal shipping has now fallen to a level similar to that in 1999.*



*Compiled using data published by the Bureau of Infrastructure, Transport and Regional Economics

As this calculation includes work performed by shipping servicing to inelastic demand regions of Tasmania and islands in Australia’s territorial waters the decline, since a peak in 2011, is attributable to the non-bulk goods movement between the mainland capital cities’ container ports.

The economic opportunity lost due to less work being performed moving non-bulk goods between the mainland capital city container ports is highlighted by the Australian Competition and Consumer Commission’s 18th annual Container Stevedoring Monitoring Report. The report noted that productivity at the mainland capital city container ports since 1998–99 had improved significantly:

- The number of containers (TEUs) processed has increased by 148%
- The average net crane rate has improved 51.5%
- Stevedoring costs per TEU have decreased in real terms by 42.2%
- Average prices for users of stevedoring terminal services has reduced by 43.0%.

The **economic consequence** of failing to increase the utilisation of coastal shipping for moving non-bulk goods in 2015 from 2001 levels is illustrated in the following table, which shows how the amount of work performed in the national freight task has changed significantly and that **all of the increase** has been performed by less efficient modes of transport.

Domestic freight by transport mode—non-bulk*					
Goods moved (billion tkm)					
	Road	Rail	Coastal Shipping	Air	Total
2001-02	96.6	20.9	7.6	0.3	125.4
2014-15	133.8	32.2	6.8	0.3	173.1
Change	37.2 (+ 28.5%)	11.3 (+ 54.1%)	- 0.8 (-10.5%)	0	47.7 (+ 39.0%)

*Compiled using data published by the Bureau of Infrastructure, Transport and Regional Economics

Ultimately the lost opportunity and inefficiency are a burden on the entire economy. This is brought to bear on productive Australian industries and taxpayers.

Modelling presented in the 2016 Australian Industry Report demonstrates that a 5% decrease in transport cost would result in cross-industry benefits of \$5.6 B in reduced costs, \$971 M of added value, and 6,658 full-time equivalent jobs. This calculation and the benefits to business and job creation is given context by the comparison made by the Freight on Rail Group in their submission to the Coastal Shipping Reforms 2017 Discussion Paper: “On the East West corridor, sea rates are already around 40% cheaper than their rail competitor”.

Perspective B: Shadow Minister for Infrastructure, Transport, Cities and Regional Development

“No Australian industry can expect to compete with a foreign competitor, if they're allowed to pay foreign wages...

If you don't have an Australian industry, you'll simply have the costs go up once that Australian industry disappears”.⁴

“When Labor took office, Australia was 20th amongst OECD nations in terms of infrastructure investment as a proportion of GDP. When Labor left office, Australia was first”.⁵

Perspective A

The World Economic Forum's 2014–15 Global Competitiveness Report ranked Australia's overall infrastructure at 35 out of 144 countries. On the components relevant to supply chain infrastructure, the quality of Australia's railroads, ports and roads was ranked at 32nd, 38th and 43rd, respectively.

The conclusion which should be drawn from these facts is that as Australia has a relatively low population density (ranked 227th of 233 countries in 2015 by the United Nations) no competitive advantage will be gained from out-spending all other nations on infrastructure as a proportion of GDP if this investment fails to reflect our demography (85% living within 50km of the coastline) and is led by legislation that segregates the international supply chain from the domestic freight task.

5. Environmental factors from throwing open the Australian coast (including possible Reef impacts)

Perspective A

The Great Barrier Reef Outlook Report 2014 notes that “shipping through the Region (Great Barrier Reef) provides a range of social and economic benefits to catchment communities and the nation”.⁶ The report rates the threat posed by shipping as a medium level localised risk that is being addressed by proactive management, such as extending the vessel traffic service to the southern boundary of the region in 2011.

The report identifies ten very high risks that pose a region-wide threat to the reef, four of which have climate change as the influencing factor. This is a factor which can be mitigated by reducing the emissions intensity of the national freight task through greater utilisation of international vessels.

⁴ <http://www.abc.net.au/am/content/2015/s4304415.htm>

⁵ <http://anthonyalbanese.com.au/ministerial-statement-infrastructure>

⁶ Great Barrier Reef Marine Park Authority 2014, *Great Barrier Reef Outlook Report 2014: In Brief*, GBRMPA, Townsville.

Perspective B: Shadow Minister for Infrastructure, Transport, Cities and Regional Development

“Australian seafarers are familiar with our coastlines and have a vested interest in the protection of our world-renowned environmental assets such as the Great Barrier Reef. The fact is all the major maritime accidents to have occurred in our waters in recent decades have involved foreign-flagged vessels crewed by foreign seafarers”.¹

“The environmental cost of incidents such as the Pasha Bulker, the Shen Neng, the Pacific Adventurer, were all substantial for the Australian economy. An Australian flagged ship has not been involved in any of the major incidents that have occurred off our coast. The Australian taxpayer, the Queensland taxpayer, and industry have borne the cost of those incidents. There is a reason why the Australian shipping industry is so well regarded internationally”.⁷

We also enacted the first major rewrite of the nation’s maritime laws in almost a century, made sure oil companies pay for any and all damage their ships may cause, and developed Australia’s first National Ports Strategy”.¹

Perspective A

The notion that international seafarers pose a greater risk to the reef is without merit; it is enough to say that international seafarers have a vested interest as professionals who do not wish to risk death or injury at sea.

Australia’s worst maritime oil spill was in 1995 when the Australian flagged and crewed, *MV Iron Baron* with a pilot on board grounded on Hebe Reef off northern Tasmania. The crew were safely disembarked and after two weeks of extensive inspections and a decision was made to tow and scuttle the vessel in 4,000 meters of water, 60 miles off Flinders Island.

The Australian Institute of Petroleum noted in its submission to the Senate Economics Legislation Committee on the Coastal Trading (Revitalising Australian Shipping) Bill 2012 that “safety and environmental protection are paramount concerns for the Australian downstream petroleum industry and we would consider it to be counter-productive for a diminution of safety requirements by potentially allowing lower safety standards for any Australian registered vessel”.

The development of separate strategies for land freight and ports in 2012 was a missed opportunity to increase the efficiency of national freight task with better integration of transport modes. This is currently being rectified by the conduct of a National Freight and Supply Chain Strategy and also by the Council of Australia Government’s Transport and Infrastructure Council which in 2015 articulated in the first priority of its Strategic Work Programme as “Integrating our national rail, road, aviation, port and maritime supply chains, and improving integration between land use and infrastructure planning”.

6. National security factors from throwing open the coast***Perspective A***

Adding domestic cargo to the manifest of international vessels on voyage between two Australian ports poses no additional national security risk.

The Department of Immigration and Border Protection (DIBP) risk-assesses every foreign seafarer who comes into an Australian port when it issues a Maritime Crew Visa. Australia and the US are the only two countries in the world that issue visas to ship crews.

The Maritime Crew Visa is issued based on passport identification and information from international law enforcement partners such as Interpol.

⁷ <http://anthonyalbanese.com.au/transcript-of-press-conference-sydney-6>

Ninety-six hours before arriving in an Australian port a ship must submit to the DIBP their crew list and the cargo manifest. The DIBP performs a risk assessment using this information and other additional information such as the last ten ports the ship has called at and any other information that has come to light relating to that ship or its crew while on its transit to Australia. If any concerns are raised in this assessment the ships are further scrutinised by officers who attend and board the ship to check all documents and conduct face-to-face passport checks.

In contrast, since August 2016, ships engaged solely on domestic inter-state voyages have not been required to have an approved ship security plan and this relieves local seafarers of the need to have a Maritime Security Identification Card.

Perspective B

“Defence experts have long recognised the importance of maintaining a domestic maritime workforce. It ensures that Australia has a pool of highly skilled labour that can be quickly mobilised during times of war or other national emergencies. Furthermore, Australian seafarers undergo stringent background checks to ensure they pose no security threats. Overseas seafarers whose backgrounds are a mystery to us do not undergo such close scrutiny”.¹

“Indeed, in a submission to a Senate inquiry into increasing use of foreign vessels registered in so-called Flag of Convenience (FOC) nations like Liberia and Panama, the Department of Immigration and Border Protection warned:

There are features of FOC registration, regulation and practice that organised crime syndicates or terrorists may seek to exploit.

Reduced transparency or secrecy surrounding complex financial and ownership arrangements are factors that can make FOC ships more attractive for use in illegal activity, including by organised crime or terrorist groups.

This means that FOC ships may be used in a range of illegal activities including illegal exploitation of natural resources, illegal activity in protected areas, people smuggling and facilitating prohibited imports or exports”.⁸

Perspective A

The following excerpt is from the DIBP submission:

“The department notes that while a significant proportion of legitimate sea trade is conducted by ships with FOC registration, there are features of FOC registration, regulation and practice that organised crime syndicates or terrorist groups may seek to exploit.

These features are:

- a lack of transparency of the identity of shipowners and consequent impediment to holding the owner to account for a ship’s actions; and*
- insufficient flag state regulatory enforcement and adherence to standards.”*

It is worth noting these features identified by the DIBP are the remit of the Office of Transport Security and the Australian Maritime Safety Authority respectively, both of whom were questioned specifically about these features by the Senate Committee. The following answers were provided:

⁸ <http://anthonyalbanese.com.au/coalition-shipping-attacks-undermine-national-security-efforts>

4 DECEMBER 2015

Mr Kinley (AMSA CEO): Any ship that comes into port will have a certificate of registration, which is a requirement to fly the flag of the country it is registered in. That certificate of registration will say who the owner is. That is the owner in that country of the ship, the company that owns it. There are other entities involved. They could be the ship's manager. They will be identified on the document of compliance for the ship. As for things like the ultimate beneficial owner, there are other ways you can find that out.

CHAIR: Mr Kinley, I cannot help raising my eyebrows. We do know every shipowner. Every ship that sails in and out of our ports or around our nation, we know who the owners are.

Mr Kinley: We will know who the registered owner is.

CHAIR: Every single ship.

Mr Kinley: Yes.

CHAIR: Without any dramas.

Mr Kinley: Yes.

23 FEBRUARY 2016

Ms Wimmer (Executive Director OTS): AMSA undertakes the ISSC inspections for us, and the international ship security certificate confirms the compliance of that ship with the flag state requirements. It means basically that they have conducted a security assessment, they have security measures in place to address any identified security risks after they have done that assessment, and they also have a ship security plan that addresses those risks.

CHAIR: In terms of Border Protection's words—not mine—about flag states having poor governance and compliance regimes and failing to adhere to international maritime conventions and standards, I am still not sure whether OTS has concern about that observation.

Ms Wimmer: Again, as I said, our compliance regime is centred around the international ship security certificate. We do not have any concerns that have been raised. We are not aware of any.

7. Australia maritime skills base and workforce impacts of throwing open the coast

Perspective A

Under the Total Workforce Model, regulations are changing to enable an easier transition out of and into the Navy throughout a person's career. The objective of this programme is to maximise the synergies of working both in the Navy and in related civilian employment. Navy turnover is an estimated 1,000 personnel of various experience levels each year. This is due to the natural movement of personnel into civilian employment which is a reliable source of maritime expertise that is being injected into the Australian workforce.

Perspective B

“But Labor understands that it is in Australia's economic, environmental and security interests to maintain a strong domestic maritime industry. It's in our economic interests for the jobs it provides and the skills base it maintains. Not to mention the fact that Australian mariners pay tax here”.⁹

8. The role of regulation in an overall package to support revitalising Australian shipping

See issue 2.

⁹ <http://anthonyalbanese.com.au/speech-to-maritime-union-of-australia-conference-gold-coast>

9. Whether Australian goods should be carried unfettered around the Australian coast by foreign ships paying third world wages ('WorkChoices on Water')

Perspective B: Shadow Minister for Infrastructure, Transport, Cities and Regional Development

"If you take freight from Sydney to Melbourne down the Hume Highway, you have to have an Australian registered truck and you have an Australian truck driver paid Australian wages and conditions. If you take that same freight domestically down the blue highway from Sydney to Melbourne, you should also be paying Australian wages, otherwise the Australian company simply can't compete. And that's the case whether it was in construction or in the trucking industry, or rail, or any other sector of the Australian economy".⁴

"A Shorten Labor Government will work with the Australian cruise ship industry to enhance its recent rapid growth by increasing its access to facilities at Australian ports. With cruising in Australia gaining popularity in recent years, operators are reporting the need for extra facilities in the nation's ports".²

Perspective A

Under Section 11 of the Coastal Trading Act the Minister is able to exempt ships in specific categories from the regulations of the Act. When the current Shadow Minister was Minister in 2012 he used this power to exempt cruise ships over 5000 gross tonnes, capable of a speed greater than 15 knots and able to carry more than 100 passengers for five years from 1 January 2013. This was done to promote tourism, while recognising that there were no Australian registered vessels in this category.

This exemption has continued, and the cruise shipping sector of the Australian economy has boomed with the market growing 21% in 2016 as 1,281,159 Australians took a cruise. This growth of 222,378 passengers is the biggest one-year increase on record confirming Australians as the highest per capita cruisers in the world (this rate is equivalent to one in 19 Australians taking a cruise).

The cruise shipping sector of the Australian economy employed 31,230 crew in 2015-16¹⁰.

As international vessels with international crews and conditions are able to carry Australian passengers between Sydney and Melbourne without national security or environmental concerns it seems hypocritical and unfair not to extend the same regulatory consideration afforded to tourism for the benefit of manufacturing and productive industries.

10. Effects on other freight modes from paying third world wages in coastal trading

Perspective A

When the barrier to accessing coastal shipping is removed and the Council of Australian Governments' agreed principles of Australian Transport Assessment and Planning are applied, domestic and international supply chains will integrate. Once accessible, the latent capacity of coastal shipping will cause infrastructure investment in this country to become port-centric and the freight transport landscape in Australia will be dramatically altered to the benefit of the community, environment and the economy.

Australia's land abounds in nature's gifts and globalisation has enabled generations of Australians to continue to increase their standard of living. For developing nations with fewer natural advantages seafaring has become an excellent employment opportunity for their citizens to lift their standard of living. Especially so since August 2013 as the standards on ships relating to the

¹⁰ www.destinationnsw.com.au/wp-content/uploads/2014/08/aca-cruise-eia-2015-16-executive-summary.pdf

working and living conditions of seafarers have been enforceable internationally under Port State Control by national authorities such as the Australian Maritime Safety Authority under the Maritime Labour Convention 2006.

Perspective B: Shadow Minister for Infrastructure, Transport, Cities and Regional Development

“The Australian flag has been lowered and Australian jobs have been lost. This is a government that has been prepared to destroy the Australian shipping industry because, rather than having Australian workers who are members of unions, it prefers to have foreign workers being paid foreign wages on foreign-flagged ships around our coasts”.¹¹

“We need to recognise that the wages component is a very small component in terms of the shipping costs. So, the differential between the Australian based wages and foreign wages, when you look at the overall capital costs of a voyage, are not the major part of the costs”.⁷

Perspective A

Australia cannot afford to continue to subsidise the freight transport sector through continuing to restrict access to such an abundant resource as coastal shipping. Not only does it commit taxpayers to the funding of tens of billions of dollars in infrastructure construction and maintenance annually, it denies significant cost savings to domestic businesses and removes the stepping stone required for them to become exporters and more prosperous.

Section B SAL Comments to the Proposed Amendments to the Coastal Trading Act (now included in Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017 – Submitted 12 May 2017

The following table provides SAL’s comments on the specific proposals:

Suggested amendment	SAL Comment
1. Remove the five-voyage minimum requirement for a TL	<ul style="list-style-type: none"> • Supported • As a Temporary License (TL) is currently valid for 12 months, under the proposed amendments the relationship between a “Temporary Licence” and the new single voyage approval and subsequent approvals may need further clarification i.e. are the TL and a single voyage approval separately? What happens for subsequent approvals? Is it a TL each time? • The time frame for approval of a TL is currently 10 days, this is too long a period for a single voyage permit. Noting that the paper acknowledges cargoes may need to be carried at short notice, this period will need to be amended within section 15(3) of the Coastal Trading Act 2012 (CTA) • Clarification of what would constitute “short notice”
2. Streamline the licensing process where no General Licence (GL) vessels are available	<ul style="list-style-type: none"> • Supported in principle; • This should reduce the 10-day approval time frame; • Any implementation of the proposed amendments should be based on the primary classification of the ship as stated on the IMO registration certification;

¹¹ <http://anthonyalbanese.com.au/coastal-trading-revitalising-australian-shipping-amendment-bill-2017-second-reading>

	<ul style="list-style-type: none"> • The requirement for the Minister to consult with other stakeholders as referred to in section 30 of the CTA should also be removed as it adds no value to the approval process; • A suggested approach would be that Section 11 of the CTA be utilised to exempt a class or classes of vessels (similar to the existing cruise vessel exemption) and such exemptions be periodically reviewed and time based.
3. Streamline the TL variation process	<ul style="list-style-type: none"> • Supported. • This may not apply in all circumstances such as spot hire at short notice where approval could be required at short notice
4. Amend voyage notification requirements	<ul style="list-style-type: none"> • Supported • Amendment should have the ability to add new voyages to a 12-month TL issued • Suggest a renewal of TL once issued
5. Amend the tolerance provisions	<ul style="list-style-type: none"> • Removal of volume tolerances supported. • Based on these changes once the initial TL is approved a voyage must be undertaken with 30 days.
6. Replace the current three-tier regime with two tiers	<ul style="list-style-type: none"> • Supported. • The detail and the criteria relating to what constitutes an emergency will need to be carefully considered.
7. Extend the geographical reach of the Coastal Trading Act	<ul style="list-style-type: none"> • Supported • Need to consider ship-to-ship transfers (especially petroleum), should this eventuate at some time in the future.
8. Allow dry-docking	<ul style="list-style-type: none"> • Supported.
9. Minor technical amendments	<ul style="list-style-type: none"> • Supported. • In the context of GL vessel and the related consultation process, it is suggested that the type of vessel be based on that reflected on its IMO Certification.

Conclusion

The outcome sought by SAL members would be a bipartisan supported, simple and stable coastal trading regulatory environment that will encourage a cost effective and flexible coastal shipping service to operate for the benefit Australian producers and customers. This will facilitate intra-Australian sourcing, reducing the cost pressure for import substitution and thus strengthen the domestic market. The result will be more cost effective for producers and consumers and deliver productivity gains for Australia.

Regulatory stability is an important factor for SAL members. Shipping is a capital-intensive business and shipping companies make investment decisions for the long term. Regulatory stability will give shipping companies the confidence to invest in the infrastructure necessary to enable participation in the domestic shipping market Accordingly, SAL supports a bi-partisan approach to making changes to coastal shipping regulation where this can be reasonably achieved.

Submission authorised by: R. Nairn, AM, Chief Executive Officer