

Chapter 1

Introduction

Referral of inquiry

1.1 On 19 October 2017, the Senate referred the provisions of the Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017 (the bill) to the Senate Rural and Regional Affairs and Transport Legislation Committee (the committee) for inquiry and report by 4 December 2017.¹

1.2 The bill seeks to amend the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (the Coastal Trading Act) to simplify coastal trading regulation, to reduce the administrative impost associated with the current regime, to expand the coverage of the Coastal Trading Act, and to provide clarity on a number of minor technical matters.²

Purpose of the bill

1.3 As noted above, the bill seeks to amend the Coastal Trading Act. In summary, the purpose of the bill is to:

- remove the five-voyage minimum requirement to apply for a temporary licence;
- provide the Minister with the power to waive the need for consultation in relation to certain cargo and passenger types (thereby focusing the need for consultation on those sectors where Australian vessels can provide competition to foreign flagged vessels);
- streamline the processes for making changes to temporary licences;
- remove the need for temporary licence holders to provide voyage notifications in certain circumstances;
- amend the tolerance provisions for temporary licences;
- change the way in which licences are issued in emergency situations;
- amend the definition of coastal trading to include voyages commencing and concluding at the same port, ships engaged in dry-docking, and voyages between ports and other defined places;
- clarify that applications for a variation to a temporary licence must be made by the temporary licence holder;

1 *Journals of the Senate*, No. 67 – 19 October 2017, p. 2138.

2 Explanatory Memorandum, *Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017*, p. 1.

- clarify that agents can apply for a temporary licence on behalf of vessel owners or masters; and
- require temporary licence holders to include a vessel's International Maritime Organization (IMO) number in voyage reports.³

Statement of compatibility with human rights

1.4 The Explanatory Memorandum (EM) notes that the bill is compatible with human rights and freedoms recognised or declared in the international instruments listed in section 3 of the *Human Rights (Parliamentary Scrutiny) Act 2011*.

1.5 The Parliamentary Joint Committee on Human Rights assessed the bill and reported that the bill did not raise human rights concerns.⁴

Consideration by Senate Scrutiny of Bills Committee

1.6 The Committee for the Scrutiny of Bills indicated in Scrutiny Digest number 12 of 2017 it had "no comment" on the bill.⁵

Conduct of the inquiry

1.7 The committee advertised the inquiry on its webpage, and called for submissions by 13 November 2017. The committee also wrote to a number of Commonwealth and state government departments, industry stakeholder groups, organisations and individuals to invite submissions. The committee received 19 submissions, which are available on the committee's website. A list of submissions can also be found at Appendix 1 of this report.

1.8 The committee appreciates the time and work of all those who provided written submissions to the inquiry – these submissions greatly assisted the committee in its deliberations.

1.9 The committee did not conduct public hearings for the purposes of the inquiry and based its deliberations on the written evidence provided. The committee's decision not to hold public hearings in relation to the bill also took into consideration the fact that the Senate Rural and Regional Affairs and Transport References Committee had recently undertaken a lengthy and detailed inquiry into Australia's shipping industry.

3 Explanatory Memorandum, *Coastal Trading (Revitalising Australian Shipping) Amendment Bill 2017*, p. 1.

4 Parliamentary Joint Committee on Human Rights, *Human rights scrutiny report*, Report 11 of 2017, 17 October 2017, p. 60.

5 Standing Committee for the Scrutiny of Bills, *Scrutiny Digest 12 of 2017*, 18 October 2017, p. 5.

RRAT References Committee: Inquiry into the increasing use of so-called Flag of Convenience shipping in Australia

1.10 In June 2015, the Senate referred an inquiry into the increasing use of so-called Flag of Convenience (FOC) shipping in Australia to the Senate Rural and Regional Affairs and Transport References Committee (the references committee) for inquiry and report.

1.11 The terms of reference for the inquiry included an investigation into the effect FOC shipping has on Australia's national and fuel security, employment and occupational health and safety standards and marine environment. The committee also reviewed the progress made in this area since the 1992 House of Representatives Standing Committee on Transport, Communications and Infrastructure report *Ships of shame: inquiry into ship safety*.⁶

1.12 The references committee's interim report, which was tabled in May 2016, examined a number of key issues around the use of FOC shipping in Australia. In addition to an examination of employment issues – including poor working conditions – the committee also investigated the decline of the local shipping sector. The interim report also inquired into, and reported on, the risks FOC shipping presents to Australia's national and fuel security and the environment.⁷

1.13 The recommendations contained in the interim report largely focused on growing the Australian maritime sector, enhancing work opportunities and conditions for Australian seafarers and improving the conditions, legal accountability and safety of FOC vessels operating in Australian waters.⁸

1.14 In July 2017, the references committee tabled its final report. In addition to providing an overview of the state of FOC shipping internationally, the report provided an outline of the current state of Australia's shipping industry and the references committee's investigation into the national security and environmental threats posed by FOC vessels.

1.15 The report also contained a summary of the various reviews that have been undertaken in relation to the Australian maritime sector over recent years. More specifically, the report considered the efficacy of the Coastal Trading Act – including the temporary licence system.

6 Senate Rural and Regional Affairs and Transport References Committee, *Increasing use of so-called Flag of Convenience shipping in Australia*, July 2017, p. 1.

7 Senate Rural and Regional Affairs and Transport References Committee, *Increasing use of so-called Flag of Convenience shipping in Australia*, July 2017, p. 12.

8 Senate Rural and Regional Affairs and Transport References Committee, *Increasing use of so-called Flag of Convenience shipping in Australia*, July 2017, p. 12.

1.16 Finally, the references committee's final report acknowledged the announcement made by the Minister for Infrastructure and Transport, the Hon. Darren Chester, MP regarding possible reforms to coastal shipping. In making the announcement, on 21 March 2017, the Minister indicated that there is potential for shipping to play a larger role in the national freight task. The Minister also noted, however, that it has "become clear that limitations in the current regulatory system are working against that potential being realised", and there is a need to:

...address a range of administrative issues in the *Coastal Trading (Revitalising Australian Shipping) Act 2012*, which place unnecessary burdens on shipping companies and the Australian businesses that rely on coastal shipping.⁹

Structure of report

1.17 This report consists of three chapters. Chapter 1 provides an introduction to the bill and the inquiry. Chapter 2 provides an overview of the current legislation and the provisions of the bill, and Chapter 3 outlines the key issues raised in submissions provided by stakeholders.

9 The Hon. Darren Chester, MP, Minister for Infrastructure and Transport, Media Release, *Call for comment on proposed coastal shipping reforms*, 21 March 2017.