

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 164

**Program:** N/A

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Heavy Vehicle Safety and Productivity Program

**Proof Hansard Page/s:** 95 (23/05/12)

**Senator EDWARDS asked:**

**Senator EDWARDS:** I will look forward to it. That is fine. How much revenue has the road user charge generated this year?

**Mr Mrdak:** I would have to take that on notice.

**Senator EDWARDS:** No problem.

**Mr Mrdak:** That is a Treasury figure. We will get that for you.

**Answer:**

Revenue from the heavy vehicle Road User Charge in 2011-12 is expected to be \$1,546.62 million.

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 165

**Program:** 2.2

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** National Heavy Vehicle Regulator

**Proof Hansard Page/s:** 115 (23/05/12)

**Senator WILLIAMS asked:**

**Senator WILLIAMS:** You were seeking applications for CEO for the regulator. Have those applications closed?

**Mr Mrdak:** There is a process now under way. An initial round of applications has closed. There is a process now under way to short-list those with the chair designate, Bruce Baird. That process will take place over the next few weeks.

**Senator WILLIAMS:** So the applications have closed. How many applications did you receive?

**Mr Mrdak:** I would have to take that on notice. I do not have those details with me.

**Answer:**

49 applications received.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 166

**Program:** 2.2

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Tasmanian Freight Equalisation Scheme – Parameter Review

**Proof Hansard Page/s:** 119-120 (23/05/12)

**Senator COLBECK asked:**

**Senator COLBECK:** In relation to the operation of the scheme itself, there is an annual review of rates. I think I referred to that as a ‘parameter review’ that would be done on an annual basis.

**Ms Gosling:** Yes, that is right.

**Senator COLBECK:** When is the next parameter review due?

**Ms Gosling:** I am not sure. I could possibly get that information for you or take it on notice. I am going from memory now, but I think there was one done at the end of last year.

**Senator COLBECK:** I have a letter from Searoad here that advises of a significant increase in freight rates across Bass Strait as of 1 July. In this particular case, briefly, the increases arise from the federal government’s carbon tax which will become effective on 1 July 2012 and which is applicable to the fuel consumed by Searoad ships. Secondly, the Victorian government’s legislation to levy on the Port of Melbourne Corporation an annual port licence fee, which the Port of Melbourne Corporation intends to recover by increasing current tariffs, wharfage, channel fees and other charges, will become effective from 1 July.

TT-Line has said to their customers that there will be increases to freight rates as a result of the carbon tax, as a result of the port licence fee in Victoria and also a general rate increase. They say that their increase will be in double digits, so in excess of 10 per cent. Would that sort of price increase be a trigger for a parameter review? That is a fairly hefty increase in the cost of freighting goods backwards and forwards across Bass Strait. What plans does the government have to deal with that?

**Ms Gosling:** Certainly they are factors that would be taken into account during the parameter review.

**Senator COLBECK:** Are there any current plans to conduct a parameter review?

**Ms Gosling:** As I said, I would have to take on notice when one would be due.

**Answer:**

The timing of the next Tasmanian Freight Equalisation Scheme parameter review is a matter for the Government.

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 167

**Program:** 2.2

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Tasmanian Freight Equalisation Scheme

**Proof Hansard Page/s:** 121 (23/05/12)

**Senator COLBECK asked:**

**Senator COLBECK:** Okay, I will come back after. I am concerned that there is no activity from government in relation to the matter.

**Mr Mrdak:** I think the discussion you had earlier with Mr Deegan indicates that the measures being looked at as part of this package are not just around exporters. It is around how to deal with this issue—

**Senator COLBECK:** Yes, but they are medium- to long-term, Mr Mrdak. I appreciate that that work is happening and that is good, but what I am looking at is the impact on the Tasmanian economy from 1 July. Our unemployment rate went from 7.2 to 8.3 per cent last month and this does not help. Can you come back to us pretty quickly and tell us what your action is going to be and when?

**Mr Mrdak:** Certainly.

**Answer:**

On 24 May 2012 the Hon Anthony Albanese MP, Minister for Infrastructure and Transport announced details of the \$20 million package to assist Tasmanian exporters, in a joint press release with the Hon Sid Sidebottom MP, Parliamentary Secretary for Agriculture, Fisheries and Forestry and Mr Dick Adams MP, Member for Lyons. A copy of the press release is attached.

STP 167 Attachment A – Press Release May 24 2012 – “A New Deal for Tasmanian Exporters”

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 168

**Program:** 2.3

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Seatbelts on School Buses

**Proof Hansard Page/s:** 122-123 (23/05/12)

**Senator NASH asked:**

**Ms O'Connell:** Since its introduction in 2007-08 the program has provided \$4.2 million to install seatbelts in school buses. That will be up until the end of this current financial year. That is the spend, \$4.2 million; less than \$1 million a year over that period of time.

**Senator NASH:** Sorry, how much was actually allocated?

**Ms O'Connell:** I do not have that but it was certainly in excess of that. That has never been fully spent.

**Senator NASH:** It is quite important that I get that differential, so if you could provide on notice—even if maybe somebody could dig it out and give it to us tomorrow perhaps rather than in the next few months. That would be great. Has there been any communication with stakeholders by the department or bus companies to try and figure out why there has not been a full take-up of the prescribed funding to do this?

**Mr Mrdak:** The eligibility criteria had not changed for some time. The eligibility criteria which were put in place when the program was first brought into existence have continued. Essentially, we have certainly worked closely and in a number of rounds we have actively sought application from school bus operators for this program. As Ms O'Connell says it has been continuously undersubscribed.

**Ms O'Connell:** Senator, the program has upgraded 267 school buses around Australia. This means quite a number of school buses that—

**Senator NASH:** What is the target? How many school buses?

**Ms O'Connell:** I do not know what the target full population is. We would have to go around each state and ask what the full target of school buses is.

**Senator NASH:** But surely they would know how many school buses were on the runs. There has to be a figure somewhere.

**Ms O'Connell:** We can certainly ask.

**Senator NASH:** It is a really important issue. A certain amount of funding is being allocated to do a job; but, if you do not know how many buses there are that actually need to be retrofitted, how do you know if you ever achieve the target?

**Mr Mrdak:** We certainly have estimates of numbers of buses and we can get that for you.

**Senator NASH:** Yes, if you could, that would be great. I am really interested to see what sort of percentage of the 267 could use that. What I am trying to draw down into—and no aspersions on the department at all—is if there are buses that have not taken up the opportunity of this funding, why not? We need to know why not, because it is a huge safety issue. There may be things that the department can do that can rectify the low take-up rate.

**Mr Mrdak:** In some cases it has been simply that some buses just have not had the design features—the necessary ability to retrofit seatbelts into them because of the structural nature of the bus. So, for some situations, it just will not work. The current guidelines require that the applicants have to have a contract with a state or territory government to operate a school bus and be licensed

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

and accredited as a bus operator. They have to operate a school bus outside a capital city metropolitan area and they have to be assessed under the national guidelines as being in what is called a high-risk area, because of the nature of the regional and rural roads which they are travelling on. Also that they are not getting assistance under any state or territory programs. So there are a range of criteria and that has been consistent for some time.

**Senator NASH:** What is the definition of 'high risk' in terms of a high-risk area for regional roads?

**Mr Mrdak:** I can get you the details and guidelines.

**Answer:**

The original allocation over four years from 2007-08 to 2010-11 was \$37.6 million. Unspent funds from 2007-08 were used to extend the program another year to 2011-12.

To date, state agencies have been unable to advise the numbers of school buses that would be likely to be eligible to receive funding for retrofitting seatbelts.

The definition of high risk is a bus route identified by the state/territory regulatory authority as a high risk route recognised under the voluntary National Guidelines for Risk Assessment of School Bus Routes or a route that travels on roads that include speed zones over 80 km/h, that do not fall within a mainland state capital metropolitan area.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 169

**Program:** 2.3

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Seatbelts on School Buses

**Proof Hansard Page/s:** 123 (23/05/12)

**Senator NASH asked:**

**Senator NASH:** I do not know how long it would take. I suspect that in a small country town there is not an operator who can do the retrofit. So I suspect it is a reasonable period of time these buses are going to be off the road. What the guidelines say is that the operator of the bus has to wear the cost of providing the service in the interim? Was that considered at all?

**Ms O'Connell:** Senator, I think in terms of school bus services there are significant periods of the time when they are not operating as a school bus.

**Senator NASH:** Yes, I understand that. Are you saying they would have to do it in school holidays? A lot of these school buses keep running even during school holidays.

**Ms O'Connell:** Yes. We will have to check the guidelines to see whether there is any opportunity for payment while the bus is off the road. I do not believe that is the case but we would have to check that.

**Senator NASH:** If it is something that could be considered. I understand that maybe there is an opportunity to do it school holidays but, again, that is a reasonably narrow window for people. Maybe, Minister, you would not mind taking on notice for me for the responsible minister if this could be considered. It may well be something that just fell through the cracks and people just did not consider that it might be a cost imperative falling on perhaps the owner-operator of the bus. Maybe it could be caught in the funding allocated for this program—the whole purpose of which is trying to make things safer for children. So if you could do that that would be really useful.

**Mr Mrdak:** We will get some further advice on that, Senator.

**Answer:**

The guidelines provide that funding is available for eligible school buses to cover the costs of fitting lap/sash seatbelts and to perform any other associated engineering. The guidelines do not exclude operators from seeking assistance for the cost of providing a replacement service while retrofitting work is undertaken; there have been no requests for this form of assistance to date.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 170

**Program:** 2.3

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Electric Bicycles

**Proof Hansard Page/s:** 123-124 (23/05/12)

**Senator LUDLAM asked:**

**Senator LUDLAM:** Electric bicycles. I know it is a little bit random; I am just doing my job here. I might throw it to you, Minister, if I am in the wrong place. Maybe the Chair can help out. There are in fact electric bicycle regulations sitting before government at the moment. Is that something that the officers at the table have had anything to do with?

**Mr Mrdak:** No, Senator.

**Senator LUDLAM:** There are baffled stares all around.

**Mr Mrdak:** I am happy to take on notice and see if I can assist you.

**Senator LUDLAM:** Even if all you could do, Mr Mrdak, is point me to the right officers to put that to. I understand there are electric bike regulations sitting before government at the moment. These things obviously sit in a bit of an unusual niche in that they will travel very rapidly and are not necessarily suited to either being on-road or off. I am just trying to find out where those regulations are up to, whoever is able to help.

**Mr Mrdak:** I will certainly make inquiries as to whether they are captured by regulations. As you know, we have a role in terms of Australian design rules for vehicles entering the Australian market. But it would depend on essentially the capability of the motors involved as to whether they have to meet the requirements of an ADR.

**Senator LUDLAM:** Yes, are we getting warmer? Am I potentially in the right place?

**Mr Mrdak:** If it relates to vehicle design standards and whether they trigger a requirement like that in terms of entry into the market, then they would fall in ours. But we will find out and come back to you.

**Answer:**

On 31 May 2012, the Australian Design Rule definition of a power-assisted pedal cycle was expanded to allow the importing and use of machines that meet European Committee for Standardization EN 15194 standard. This increases the allowable power from 200 to 250 watts, provided that the powered top speed is restricted to 25 kilometres per hour, the rider pedals to access the power and a number of construction safety requirements are met.

The states and territories are making changes to allow on-road use of these machines without the requirement of registration as a motor vehicle.



# **THE HON CATHERINE KING MP**

## **PARLIAMENTARY SECRETARY FOR INFRASTRUCTURE AND TRANSPORT**

### **MEDIA RELEASE**

30 MAY 2012

#### **NEW RULES GIVE CYCLISTS A BOOST**

The Gillard Government today paved the way for a new range of electric bicycles into Australia.

Parliamentary Secretary for Infrastructure and Transport, Catherine King, announced changes to the national vehicle safety standards that allow for greater consumer choice – while at the same time maintaining safety.

“There is an increasing desire within the community for modern designs of power-assisted pedal cycles. This change in the Australian Design Rules will encourage modern electric bicycles as a healthy alternative to other means of transport,” Ms King said.

“With the *National Cycling Strategy 2011-16* aiming to double the number of people riding by 2016, the Government is keen to work with the cycling community to implement reforms that promote healthy lifestyles.

Ms King said that changes to the standard mean the allowable power output has now increased from 200 to 250 watts giving a higher level of performance, while maintaining safety by restricting powered speed to 25 km/h. Riders are required to pedal to access the power or to reach greater speeds than 25 km/h.

The change also means new construction standards for batteries, cables and connections as well as other requirements such as braking performance and the strength of frames.

“In addition, existing designs of machines will continue to be allowed.”

The changes are an important first step towards an overall review by Austroads of alternative vehicles, which would also include mobility scooters, and a key action identified in Australia’s National Road Safety Strategy 2011-20.

“It’s important that this continues to be a national process that is supported by all governments,” Ms King said.

Ms King praised state and territory authorities for working constructively with the Commonwealth on this change.

However, she said that changes to state and territory road rules may be necessary to allow use of the new electric bicycles and advised people to contact their state road authorities to confirm local provisions.

The standard that has now been adopted is EN 15194.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 171

**Program:** N/A

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Shipping Reform Package Bills

**Proof Hansard Page/s:** Written

**Senator BOSWELL asked:**

*Coastal Trading (Revitalising Australian Shipping) Bill 2012*

*Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Bill 2012*

*Shipping Registration Amendment (Australian International Shipping Register) Bill 2012*

*Tax Laws Amendment (Shipping Reform) Bill 2012*

*Shipping Reform (Tax Incentives) Bill 2012*

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**OVERVIEW**

The five Bills that comprise the shipping reform package are designed to provide a regulatory framework for coastal trading in Australia which will stimulate growth in the number of Australian ships on our coast, enhance the role of shipping as part of our national freight network and maximise the use of Australian flagged vessels.

The package attempts to achieve these objectives by:

Introducing a variety of changes to the way the industry is taxed including accelerated depreciation

Creating a second register of ships to be known as the Australian International Shipping Register (AISR)

Abolishing Part VI of the Navigation Act 1912 and in doing so abolishing single voyage permits and replacing them with a new three tiered licence system

**BACKGROUND**

The Australian shipping industry is in decline with the number of Australian flagged vessels declining from 55 to 21 in the past decade with only four operating on international routes.

In 2008 the House Committee for Infrastructure, Transport, Regional Development and Local Government tabled a report into the coastal shipping industry in Australia, recommending a number of reforms.

In 2009 the Minister established a Shipping Policy Advisory Group and a discussion paper was released in December 2010 as a result of their advice.

In September last year the Minister announced that he would be introducing a shipping reform package and broadly outlined its contents. At this time little detailed information was provided to the industry on precisely what form the reforms would take.

Days before Christmas, the Minister released the exposure draft of the Coastal Trading Bill for public comment. Through this consultation process serious deficiencies were identified in the Bill's drafting. This resulted in a second draft being released on 20 February 2012, together with the

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

remaining four Bills making up the package.

Despite the complex and wide-ranging changes in the package, stakeholders were only given until the 5 March 2012 to comment on the legislation.

Additionally, an industry roundtable was held on 28 February 2012 where over 60 industry representatives attended and attempted to raise their concerns with the Bill.

The public consultation on the revised package raised further significant concerns.

Despite this, the Minister introduced the package, with some further revisions, on 22 March 2012.

The package was referred to the following Committees for their consideration:

House Committee for Infrastructure and Communications

Senate Committee for Economics

Senate Committee for Education and Employment

The Senate Committees are due to report in June. It is unclear when the House Committee will table its report but it is expected that they will hold at least one public hearing to examine the 29 written submissions already received.

The Coastal Trading (Revitalising Australian Shipping) Bill 2012 establishes a completely new licence system:

**General Licence:** provides unrestricted access to engage in coastal trading in Australian waters for Australian registered vessels, crewed by Australians, permanent residents or persons with appropriate work visas. A General Licence lasts for a maximum of five years.

**Temporary Licence:** provides limited access to engage in coastal trading for specifically identified voyages in a 12 month period for foreign registered vessels or vessels on the AISR. (a minimum of 5 voyages per year is required before a temporary licence will even be considered.

**Emergency Licence:** provides access to engage in coastal trading in Australian waters which is time limited to deal with an identified emergency situation. This is designed to cover emergencies such as natural disasters.

**Shipping Registration Amendment**

Currently there are only four Australian flagged vessels participating solely in international trade

**Tax Laws Amendment (Shipping reform) Bill 2012**

**Shipping Reform (Tax Incentives) Bill 2012**

These two Bills provide a series of taxation incentives for Australian flagged or AISR vessels. The Bill provides for the following:

A zero company tax rate for Australian shipping companies;

Provision for accelerated depreciation of vessels via a cap of 10 years to the effective life of those vessels (down from 20 years);

Roll-over relief from income tax on the sale of a vessel where a replacement ship is purchased by the end of two years;

An employer refundable tax offset in relation to seafarers where the seafarer has served on overseas voyages for at least 91 days in the income year on an eligible vessel; and;

An exemption from royalty withholding tax for payments made for the lease of shipping vessels by Australian resident companies.

These measures will cost \$254.4 million over the forward estimates.

**Rural & Regional Affairs and Transport Legislation Committee**

**ANSWERS TO QUESTIONS ON NOTICE**

Budget Estimates May 2012

**Infrastructure and Transport**

**Questions**

- (a) The Government is making a considerable investment in this policy, the taxation measures will cost \$254.4 million over the forward estimates.
- (b) How many more Australian flagged/licensed ships do you expect as a result of this policy?
- (c) When do you expect the benefits of the policy to take effect? Will it be 3 years, 5 years, 10 years?
- (d) There were a number of concerns raised by stakeholders and they were also raised at the public hearing at the Senate Economics Inquiry on Tuesday 15 March, with the operation of the Temporary Licence. What was the basis for the condition that 5 was the minimum amount of voyages per year was required before a Temporary Licence will even be considered?
- (e) How can a legitimate shipper move a cargo where there is no licensed vessel, and therefore needs a temporary license, when the shipper has less than 5 voyages for a year.
- (f) So if one shipment of ethanol is required, or farmers in WA need fertilizers it appears that there is no provision for a one off shipment in the bill as it stands. Is any consideration being given to allowing one off shipments?
- (g) For many of the dry bulk shipping users it is very difficult to predict with any certainty the number of voyages, the nature and volume of cargo and the ports of loading etc for an entire 12 month period. Do you expect shippers to fraudulently concoct future fictitious voyages so that they can move one or less than 5 cargoes?
- (h) The conditions of this legislation is effectively removing flexibility for the consumers of shipping industry and increasing the regulatory burden. Is there any consideration being given to the fact that the one of the unintended consequences of the bill is that there will be a reduction in competition and flexibility of shipping on coastal routes?
- (i) I understand that General Licence Holders will be given the right to submit an application to the Department of Infrastructure and Transport objecting to some of the voyages sought if they believe they are capable of carrying the particular cargo.  
I understand under the Bill, the Minister has the power to block the granting of a licence and that third parties such as the union movement are also able to submit comments on every application.  
Why are indirect parties allowed to comment on temporary licence applications when they are not bound in the freight arrangements?
- (j) What time frame has the department committed to a decision on Temporary Licence applications once the department receives the application, it is published and the unions have commented on the applications?
- (k) How will shippers' interests and requirements be met and weighted in the Minister's decision making?
- (l) The Act requires reasonable requirements be considered – what is reasonable to one party may not be to another. Reasonable requirements must include total cost of freight, including laytime, demurrage etc and other requirements best only known and decided in on by the shippers and their customers. How will this bill maintain competition on the coast when essentially there is a limited number of vessels with a right of carriage?
- (m) How will the Government ensure there is no escalation in freight costs? This could effectively remove competition.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

- (n) How will Government ensure that the industry is not overserved with mandated ships, not operating at full capacity, but passing on their lower utilization costs to shippers?
- (o) The bill favours the shipping industry which is a service sector over the industries they serve. Have any of the views of the consumers of shipping been considered?
- (p) Why can't a shipper who owns their own ship and places it on the second register be allowed to carry their own cargo?
- (q) Why do they need a temporary license to do this?
- (r) What is the status of the Productivity Compact between the unions and owners?
- (s) Will a full regulatory impact assessment on this compact be provided?
- (t) How will you ensure the Productivity Compact is in place before the legislation is passed and how will it be enforced?
- (u) The Bill gives the Minister through regulation the ability to set the minimum wage for seafarers on the Australian International Shipping Register for each category of seafarer which cannot be lower than the International Transport Workers Federation (ITF). Will it be at least the international rate?
- (v) Could the Minister determine higher wages for seafarers on the AISR than the International Transport Workers Federation agreement? If this happens, this will not fulfil the objective of creating an internationally competitive register?
- (w) Is it wise to introduce what are likely to be costly changes to shipping at a time when Australian bulk goods are already facing a higher Australian dollar and the costs of the Carbon tax?
- (x) The Deloitte Access Economics Study commissioned by the Dry Bulk shipping users found that freight costs on the coast will go up by 16 percent and could lead to 570 job losses. That is a substantial cost that manufacturers have to absorb on top of all the other costs associated with the carbon tax and the governments renewable energy targets. It is currently one third more expensive to ship around the coast of Australia than import from Asia and about the same as importing from Brazil.
- Has the department assessed that this shipping bill could lead to increased imports further adding to the increasing woes of the Australian manufacturing sector?
- (y) You could also have the situation where it is cheaper for bioethanol and molasses to be exported into Asia from Qld and domestic requirements would then be imported into Melbourne. Do you anticipate that you will have a dedicated General Licence vessel that will be able to meet the specifications to carry Bioethanol or Molasses?
- (z) If we look at sugar it is a highly competitive industry. Currently Brazil and Thailand are major competitors to Australia. They are working on small margins, high volumes and with the issue with costs and reliability this could have serious implications for the sugar industry in Australia. There are jobs at stake in the Sugar Industry in my home state of Queensland. If the Government is trying to encourage "Made in Australia" then this could be just a free kick to our competitors.
- Has the regulatory impact assessment looked at broader impact on jobs in specific industries such as sugar and cement?

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Answer:**

- (a) n/a
- (b) The shipping reforms create a robust platform to encourage new investment in Australian shipping for coastal and international trades. Decisions to invest in major assets, such as new ships, are for the companies themselves to determine.
- (c) The Government has stated that it will review the new arrangements in 5 years to assess the benefits of the policy.
- (d) The requirement for a minimum of five voyages is about transparency and information so that Australian ships can compete in full knowledge of what trade is moving.
- (e) They can work with General Licensed operators to see if they can carry all or part of their load. Alternatively they can work with Temporary Licensed operators to negotiate for these shipments to be carried. This is very similar to current operating arrangements where infrequent users of shipping work through a shipping agent to organise transport of their cargo.
- (f) See above answer.
- (g) No.
- (h) The reforms aim to level the playing field for Australian shipping.
- (i) Under current arrangements, third parties may provide comment on SVP and CVP applications. The *Coastal Trading (Revitalising Australian Shipping) Act 2012* (the Act) replicates these arrangements.
- (j) The Act sets out the timeframes and specifies that a decision on a Temporary Licence application must be made within 15 business days after the date of receipt of the application.
- (k) See section 34 of the Act.
- (l) The Act does not limit access to the coast.
- (m) As noted above, the Act does not limit access or competition.
- (n) The Act does not mandate vessels.
- (o) Shippers were involved in the extensive consultation process that supported the development of the Act.
- (p) This is incorrect – see section 34(2)(ba) of the Act.
- (q) See answer at (p).
- (r) On 31 May 2012, the Minister for Infrastructure and Transport advised Parliament that the compact between unions and industry had been finalised.
- (s) No.
- (t) See answer at (r).
- (u) Yes – see section 61AE of the *Shipping Registration Amendment (Australian International Shipping Register) Act 2012*.
- (v) Yes, it would be a legislative instrument subject to disallowance.
- (w) There is no evidence to suggest that the new legislative measures will increase costs for the shipping industry.
- (x) The Deloitte Access Economics report's modelling was based on an assumption that Temporary Licences would be phased out within five years. This is not correct.
- (y) This is a matter for the shipping industry.
- (z) The RIS explored the overall benefits of the proposed shipping reforms on the economy as a whole.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 172

**Program:** 2.2

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Tasmanian Freight Equalisation Scheme

**Proof Hansard Page/s:** Written

**Senator COLBECK asked:**

1. Is the Department providing the Government with advice regarding extending the freight equalisation scheme across Bass Strait to all north and southbound freight?
2. Has the Department been asked to provide advice to government on the inclusion of all freight northbound and southbound to and from Tasmania in the Tasmanian Freight Equalisation Scheme?

**Answer:**

- 1.&2. The National Infrastructure Coordinator provided a report to the Minister for Infrastructure and Transport on 24 May 2012 in relation to Tasmanian ports and shipping issues which contained a recommendation that the Minister consider:

*The inclusion of all non-bulk goods between Tasmania and the mainland for consideration in any equalisation scheme.*

The Department is providing advice to the Minister in relation to that recommendation.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 173

**Program:** n/a

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Heavy Vehicle Road User Charge

**Proof Hansard Page/s:** Written

**Senator MACDONALD asked:**

The Government has announced in the 2012-13 Budget Paper # 2 that it will increase the Road User Charge applied to fuel costs by 10% (for vehicles with a gross mass of more than 4.5 tonnes) thus reducing the fuel tax credit paid to eligible heavy vehicle operators. The Government anticipates that this measure will save \$680m over the four-year forward estimate.

1. Has the department of transport and infrastructure made an assessment if the financial impact of this measure on small business operators in the road haulage industry?
2. Have private sector road haulage operators been consulted in the process of devising this 10% increase in the Road user Charge (from 23.1 to 25.5 cents)?
3. Will a dispensation be made for those road haulage operators who conduct their business in northern and remote Australia and who are by definition required to travel far greater distances?
4. Has the department conducted a financial impact assessment to determine the goods and services that will be most susceptible to having this increase “passed on”?

**Answer:**

1. The revised charges that will apply on 1 July 2012 were calculated using the same underlying methodology used to calculate charges for the 2007 Heavy Vehicle Charges Determination. A Regulation Impact Statement (RIS) covering financial and economic impacts on various sectors of the economy and goods and services was prepared for the 2007 Determination. Volumes I and II of the RIS can be found here  
<<http://www.ntc.gov.au/filemedia/Reports/2007HVChargesDetRISVol1Dec2007.pdf>> and  
<<http://www.ntc.gov.au/filemedia/Reports/2007HVChargesDetRISVolIIADec2007.pdf>>
2. Yes.
3. The heavy vehicle charges model recognises that road trains and B-triples common in northern and remote Australia undertake a high proportion of their travel on lower quality dirt roads than other vehicles in the heavy vehicle fleet. It does this by applying unsealed road and remote area Community Service Obligation discounts (of between 25 and 30 per cent) to take into account the lower expenditure by governments required to build and maintain unsealed roads. In addition, most states and territories offer registration concessions to heavy vehicle operators working in certain sectors particularly the agricultural and rural sectors.
4. Please see response to question 1.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 174

**Program:** 2.3

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Seatbelts on School Buses

**Proof Hansard Page/s:** Written

**Senator NASH asked:**

1. Are the specific institutions that bus companies have to take their buses to be retro – fitted with seat belts?
2. Can the Department outline the list of institutions that retro – fits seat belts?
3. The uptake of buses applying for the grant is low can the department outline the communication the department has had with bus companies and stakeholders?
4. Does the department have a cost analysis of how much does it cost of a typical retro – fit of seat belts?
5. Can the department provide a list of past recipients who have accessed this grant?

**Answer:**

1. No, but to receive funding, bus companies must be able to provide evidence that the retrofitting work complies with the national vehicle standards set under the *Motor Vehicles Standards Act 1989* and/or applicable state or territory vehicle modification requirements.
2. Most funding recipients have used the following institutions in their respective states for retrofitting work:

New South Wales:	Express Coach Builders Pty Ltd
Queensland:	Coach Works Pty Ltd
Victoria:	McConnell Seats Australia
South Australia:	Custom Coaches
Western Australia:	WA Bus & Motor

3. The Department has frequent direct contact, typically by phone or email, with applicants to the program, funding recipients, state transportation agencies and other interested parties. This includes provision of advice and assistance to bus operators to facilitate access to program funding.
4. The cost of retrofitting a school bus varies according to the age and size of the bus. The average cost associated with retrofitting buses across the first nine rounds of the program was \$25,770.23.
5. A full list of recipients that have received funding under the Seatbelts on Regional School Buses program can be found at Attachment A.

**174 – Attachment A – Seatbelts on Regional School Buses Funding Recipients**

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 175

**Program:** n/a

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Road User Charge

**Proof Hansard Page/s:** Written

**Senator WILLIAMS asked:**

1. I understand that the increase in the Road User Charge was in line with a recommendation put forward by the National Transport Commission. Can you go through the NTC's calculations for how the 10% increase was recommended?
2. I understand that the NTC uses a formula to determine if the Road User Charge should be increased. Can you run through the formula for us? And what assumptions does the formula rely on?
3. Can you provide me with a copy of the formula the NTC uses to determine how much the trucking industry should pay for their use of the roads?
4. I understand that the Australian Trucking Association disputes the assumptions that the formula is based on and believes they are being overcharged by in excess of \$1 billion. What is your response to their assertion?
5. Where does the Road User Charge money go? Does it just go into consolidated revenue fund?

**Answer:**

1. The methodology used to determine revised heavy vehicle charges agreed by Transport Ministers on 21 March 2012 is detailed in the National Transport Commission's (NTC) February 2012 Heavy Vehicle Charges Report to the Standing Council of Transport and Infrastructure. A copy of the report can be found here <http://www.ntc.gov.au/filemedia/Reports/HVChargesSCOTIFeb2012.pdf>.
2. Please see response to question 1.
3. Please see response to question 1.
4. The claim that the new charges will result in an over recovery is not correct. The total amount of revenue to be collected from heavy vehicle consistently reflects the trend in government road expenditure and heavy vehicle's share of this expenditure.  
  
The cost base to be recovered from industry in 2012 was calculated by the NTC to be \$2.67 billion and the new charges have been set to recover this amount.
5. The Government has also committed an additional \$150 million to continue the Heavy Vehicle Safety and Productivity Program.

**Rural & Regional Affairs and Transport Legislation Committee**

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2012

**Infrastructure and Transport**

**Question no.:** 176

**Program:** 2.2

**Division/Agency:** (STP) Surface Transport Policy

**Topic:** Maritime Labour Convention

**Proof Hansard Page/s:** Written

**Senator WILLIAMS asked:**

I understand that some time ago the Parliament passed legislation ratifying the Maritime Labour Convention (MLC) into Australia. At the time the MLC hadn't come into effect internationally because there had not been enough country ratifications.

I understand that the MLC will come into force in international law 12 months after the date on which there have been ratifications by 30 International Labour Organisation members.

I understand that the shipping reform package before the Parliament refers to the MLC and incorporates its standards into the Australian International Second Register.

1. Can you provide me with an update as to how many signatories the MLC has presently?
2. What other countries are currently going through the process of ratification?
3. When is it expected to come into force internationally?

**Answer:**

1. Of the 183 Member States of the International Labour Organization (ILO), 28 have ratified the MLC, representing 56.5 per cent of the world gross tonnage of ships.
2. Information on the number of Member States that are currently going through the process of ratification is not readily available. Ratification is undertaken by each Member State in accordance with its own domestic constitutional arrangements. Once a Member State successfully completes the process of ratification, it is communicated to the Director-General of the International Labour Office (which is the secretariat of the ILO) for registration in accordance with Article VIII, paragraph 1, of the MLC. Article VIII, paragraph 2, provides that the MLC will only be binding on Member States whose ratification has been registered by the Director-General.
3. Article VII, paragraph 3, of the MLC provides that the MLC will enter into force 12 months after the date on which there have been registered ratifications by at least 30 Member States with a total share in the world gross tonnage of ships of 33 per cent.

As indicated in the answer to question 1, the 33 per cent world gross tonnage requirement has already been met.

Once the requisite number of ratifications has been registered, Article XII, paragraph 2, of the MLC requires the Director-General to draw the attention of Member States to the date the MLC will enter into force.