

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2013

Infrastructure and Transport

Question no.: 115

Program: N/A

Division/Agency: (STP) Surface Transport Policy

Topic: Reform process

Proof Hansard Page/s: 121 (29/05/2013)

Senator Colbeck asked:

Senator COLBECK: Whose responsibility is to do it then? How does the government say that it is achieving its reform process if it has no mechanism to actually understand whether it is actually happening? It said it would in the RIS, it is part of its regulation impact statement. We know there is a reform process in place, the compact has been compiled, so we can put a tick against that; that is positive. Isn't there any method of measuring how the industry might be becoming more efficient, which is, after all, one of the objectives of the reform process as stated?

Ms Power: There would be a mechanism for the parties to the compact to provide reporting, but I would not be able to give you detail at this point on how exactly that would occur. I would need to come back to you and take that on notice.

Mr Mrdak: If I may, Senator, we have been very focused on the new regulatory regime itself. Perhaps if I take it on notice and we will get details from the ship owners and the various parties involved in the compact and come back to you in relation to those questions of performance measurement.

Senator COLBECK: Why isn't the government monitoring this? It was a fundamental part of their reform and, as I said, it is something that the minister has stated on a number of occasions and it was also put into the regulation impact statement. I would have thought that you would be interested in whether the measures that had been put into place were actually working or not. It is about the efficiency and the cost effectiveness of the shipping. It is a pretty specific reference: align practices in the Australian shipping industry with international best practice. You have absolutely no method of measurement of whether that might be occurring or not?

Mr Mrdak: We just have not focused on it to this point. We will seek some advice urgently from the parties involved as to where they have got to in that.

Senator COLBECK: Would any of the agencies of government at all look at that, such as the bureau of transport economics, for example. Would they consider this as part of the work that they do?

Mr Mrdak: No. At this stage, as I said, we have been focused on bedding down the regulatory parts of the shipping reform package. It is an area that we will pursue to get some further details for you.

Answer:

The compact is an industry rather than a government responsibility¹, however, the Department wrote to each party to the compact seeking advice on the matters raised by the Committee. The Department has been advised that the compact does not contain any formal monitoring and/or reporting processes. Rather, it provides the platform and basis on which discussions between affected parties can be undertaken. We are advised that the parties to the compact communicate regularly and are seeking to implement its provisions in enterprise bargaining negotiations as agreements come up for renegotiation.

¹ Refer to page 70 of 'Reforming Australia's Shipping' Regulation Impact Statement, August 2011

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2013

Infrastructure and Transport

Question no.: 116

Program: N/A

Division/Agency: (STP) Surface Transport Policy

Topic: Contested voyages

Proof Hansard Page/s: 123 (29/05/2013)

Senator Colbeck asked:

Ms Power: Of the contested applications, there were a total of 53 voyages that were contested, because, as I said earlier, not every voyage will be contested. Fifty-three of them have been contested, and in relation to nine of those, the licence application has been granted.

Senator COLBECK: Nine of the 53 have been granted.

Ms Power: The remainder have been either refused or the parties to the application—the general licence holder and the applicant—have negotiated an alternative outcome, and the objection has therefore been withdrawn or the application has been withdrawn.

Senator COLBECK: How many were withdrawn?

Ms Zielke: We would need to take that on notice. We do not have the withdrawn number in front of us.

Answer:

The Department's records indicate that, of the 53 voyages that were contested, 17 were withdrawn by either the general licence holder or the applicant.

Rural & Regional Affairs and Transport Legislation Committee

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Budget Estimates May 2013

Infrastructure and Transport

Question no.: 117

Program: N/A

Division/Agency: (STP) Surface Transport Policy

Topic: Cargo

Proof Hansard Page/s: 123-124 (29/05/2013)

Senator Back asked:

Senator BACK: For the 16 transitional, to transition they must then come under Australian operation and be Australian crewed.

Ms Power: They are in transition, yes.

Senator BACK: Of the 16 transitioning, would you expect all 16 to move to join the Australian-flagged general licence fleet?

Ms Power: Our understanding is that most of those are in the process, so they are making inquiries about the process to flag the vessels here. They would be putting together business cases, et cetera. It would be impossible for me to predict the outcome of that process entirely, however.

Senator BACK: Can you just give us an understanding of the 28 and the 16. What is the nature of the cargoes that they are carrying?

Ms Power: It varies. It depends on the type of ship. They may be bulk carriers or ships that move dry goods. To give you the detail I would have to take that on notice.

Senator BACK: But it would not include the LNG gas tankers coming in and out of our north-west ports, it would not include ships that are carrying coal from the Queensland ports or the New South Wales ports, or those carrying iron ore from Western Australian ports—they would not be in these categories?

Ms Power: There are certainly general licence holders that carry coal. I do not believe there any that carry LNG, but again I would need to check the detail.

Senator BACK: Or iron ore?

Ms Power: It is possible, but I would need to take that on notice in order to confirm that.

Answer:

The Department currently has no visibility of the types of cargoes carried by general or transitional general licence holders. However, through feedback the Department has received from industry to date, we understand that there are presently no LNG tankers operating under a general or transitional general licence. We also believe that coal and iron ore are being carried by general or transitional general licence holders.

The *Coastal Trading (Revitalising Australian Shipping) Act 2012* requires general and transitional general licence holders to submit a report to the Department detailing, among other things, the kinds of cargo carried over the previous financial year. This report is due no later than 30 business days after the end of the financial year, at which time the Department will have a clearer idea of the nature of the cargoes being carried by general and transitional general licence holders. To date, the Department has only received one general licence holder report.

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ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2013

Infrastructure and Transport

Question no.: 118

Program: N/A

Division/Agency: (STP) Surface Transport Policy

Topic: Flagged vessel

Proof Hansard Page/s: 125 (29/05/2013)

Senator Colbeck asked:

Senator COLBECK: Yes, but does that differ between a vessel that is flagged to a foreign flag versus an Australian flag?

Ms Power: I do not believe so. I would need to double check that. Let me take that on notice.

Senator COLBECK: Yes, sure.

Mr Wilson: I do not believe that they do. I believe that crewing levels are approved by AMSA. They are developed by the industry but approved by AMSA to ensure safe manning levels.

Senator COLBECK: So AMSA in that context has oversight over foreign flagged vessels?

Mr Wilson: They have oversight of the manning levels associated with operating within the Australian shipping industry. General licence manning levels—

Senator COLBECK: I understand that. I have no quibble with that at all.

Mr Wilson: As Ms Power has indicated, the transitional arrangements require them to operate in accordance with Australian standards. Part of the work that I recall that the compact has in train was an examination of the manning levels in certain areas.

Senator COLBECK: Yes.

Mr Wilson: I do not have the details of what those changes may be and where that may be at in front of me.

Senator COLBECK: That goes to the point that I was making at the outset in relation to the compact about aligning the Australian shipping industry with international best practice. That then goes back to the question of why we are not doing some measurement of that or some benchmarking of that so that as the implementers of policy we have some idea as to whether the compact was put into the process, written into the regulation impact system and mentioned a number of times by the minister during the development and the implementation of the legislation should be in place. There should be some measurement of what is going on. I understand that there is a process of implementation, but surely part of that implementation should be the establishment of a measurement structure.

Mr Wilson: I apologise for not having the details, but we will obtain them for you.

Answer:

The compact is an industry rather than a government responsibility¹, however, the Department wrote to each party to the compact seeking advice on the matters raised by the Committee. The Department has been advised that progress has been made with a ship operator and the unions agreeing to a change in crewing. The compact stipulates that this is done on a case by case basis, and we have been advised that it is up to the parties to initiate a review of crew levels and to undertake the necessary discussions.

¹ Refer to page 70 of 'Reforming Australia's Shipping' Regulation Impact Statement, August 2011

Rural & Regional Affairs and Transport Legislation Committee

ANSWERS TO QUESTIONS ON NOTICE

Budget Estimates May 2013

Infrastructure and Transport

Question no.: 119

Program: 2.2

Division/Agency: (STP) Surface Transport Policy

Topic: Shipping industry

Proof Hansard Page/s: Written

Senator Nash asked:

The Budget No. 2 statement (pg 228) states the government will allocate \$5m over three years (2013-14 to 2015-16) to help the shipping industry meet its future workforce training needs.

1. What is the industry's workforce need?
2. In what areas are there workforce shortages?
 - a. Reason? (NOTE: if high costs are mentioned, explain what these are and does it include union salary demands)
 - b. How is/has it affected productivity including at our major export ports?
 - c. What is the value of that lost productivity?
3. How much of the \$5m will go towards the national training co-contribution subsidy of \$10,000 per integrated rating trainee and \$20,000 per deck and engineer officer trainee?
 - a. What percent of the co-contribution does industry have to pay?
 - b. What is the criteria/conditions to secure the subsidy?
 - c. Who decides which employer receives a subsidy/subsidies?
4. What is the government and industry's targeted outcome for the \$5m funding, in terms of addressing workforce needs?
5. The budget statement says there is seed funding for three years to cover the following: development costs of the national aggregation model; undertake biennial workforce censuses; support national industry training body; and support the Maritime Workforce Development Forum's ongoing operation.
6. What is the breakdown in cost for these?
7. Is there any union involvement in any of the above, particularly the National Industry Training Body and the Maritime Workforce Development Forum. If so, how much involvement do unions have?

Answer:

1. Please refer to the Maritime Workforce Development Strategy at <http://www.shipping.infrastructure.gov.au/mwdf/index.aspx> .
2. See answer to (1).
 - a. See answer to (1).
 - b. A productivity assessment has not been conducted.
 - c. See answer to (b).
3. Details of the Sustaining Australia's Maritime Skills measure are yet to be decided by Government.
4. See answer to (3).
5. See answer to (3).
6. See answer to (3).
7. See answer to (3).

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Budget Estimates May 2013

Infrastructure and Transport

Question no.: 120

Program: 2.2

Division/Agency: (STP) Surface Transport Policy

Topic: National Heavy Vehicle Regulator

Proof Hansard Page/s: Written

Senator Williams asked:

1. Could I get a report on the progress of the National Heavy Vehicle Regulator?
2. How much has been spent on its establishment so far?

Answer:

1. The National Heavy Vehicle Regulator was established from 21 January 2013 and will undertake the full range of functions once the Heavy Vehicle National Law is enacted by states and territories. The Heavy Vehicle National Law and an Amendment Act were passed in Queensland in 2012 and February 2013 respectively and the Heavy Vehicle National Regulations were agreed by Ministers in February 2013 then made by the Governor of Queensland in May 2013. It is expected that the National Heavy Vehicle Regulator will undertake functions under the national law in most states from October 2013.

Victoria, Tasmania, South Australia and New South Wales have passed their application legislation. New South Wales has introduced a second Bill to cover savings and transitional matters, with passage expected shortly. The Australian Capital Territory expects to introduce legislation before the end of 2013 and the Northern Territory has not committed to a date to introduce legislation. Western Australia has not signed the Intergovernmental Agreement on Heavy Vehicle Regulatory Reform and has not introduced legislation to align with the National Law.

2. The Australian Government has provided its contribution to this reform in line with the Intergovernmental Agreement on Heavy Vehicle Regulatory Reform. The Australian Government agreed to pay for costs associated with establishing the National Regulator as a corporate entity and providing basic information technology functionality. The Australian Government provided \$15.6 million over two years (2011-13) to Queensland for this purpose.

A Project Office located in Brisbane and jointly funded by the Commonwealth, States and Territories was established in 2010 to implement the National Regulator. A total of \$12.6 million was provided to Queensland over three years (2010-11 to 2012-13), with the Australian Government's contribution totalling \$4.5 million.

The Australian Government provided a further \$3 million (\$1 million each) in 2011-12 to assist Tasmania, Northern Territory and the Australian Capital Territory in implementing the national regulatory reforms for heavy vehicles, and rail and maritime safety.

Under the Intergovernmental Agreement, the states and territories are to meet the costs of transitioning to the national regulator; and the ongoing costs of the regulator will be met from the regulatory component of heavy vehicle registration charges.