

COASTAL TRADING REFORMS

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- The proposed Coastal Trading reforms
 - The Bill - Shift in focus
 - One permit system
 - Who can apply?
 - Extended application
 - Term declaration and parity conditions
 - Reporting requirements
 - Clarity in relation to Customs' importation position



- 25 June 2015:
 - *Shipping Legislation Amendment Bill 2015* (Bill) presented and read first and second time: House of Reps.
 - On the same day the Bill was referred to the Senate Rural and Regional Affairs and Transport Legislation Committee.
- Proposes amendments to the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (Coastal Trading Act).
- Amendments present a shift of policy setting.



- s7 Bill:
- Definition of coastal shipping expanded to include vessels used in coastal shipping if:

- “(d) *the vessel:*
- (i) *takes on board a liquid fuel product from an offshore facility; and*
 - (ii) *carries the liquid fuel product to a port in a State or Territory where some or all of the liquid fuel product is unloaded; or*
- (e) *the vessel is docked for service in connection with an activity referred to in any of paragraphs (a) to (d).”*

Object of the Act (s 3):

- FROM
 - Promoting a “*viable shipping industry*” and facilitating long term growth of the Australian shipping industry...

- TO
 - a) fostering “*competitive coastal shipping services industry that supports the Australian economy; and*”
 - b) *maximises the use of available shipping capacity on the Australian coast*”

- Focus has shifted from increasing the number of Australian-flagged vessels to increasing freight capacity and competition through opening up the coast to foreign vessels

Equality and flexibility

FROM: priority to Australian – flagged vessels

- Current scheme: two tiered system consisting of:
 - General licences (only vessels on Australian General Shipping Register s 13); or
 - Temporary licences (non-Australian vessels s 28).

Application process includes a minimum requirement of 5 voyages as well as providing a range of other details (e.g. loading dates, kinds and volume of cargo, ports of embarkation/loading and disembarkation/discharge)

Equality and flexibility:

TO: ‘One Permit’ system – ‘*to reduce costs for business and enhance access to competitive international shipping services*’.

- Bill: Part 4:

- Allows an application by foreign and Australian vessels (s 13)

At the time of the application the applicant must have "a legal or beneficial interest in the vessel, other than as a mortgagee; or has the day-to-day for the management of the vessel."

Not designed for shippers of cargo to apply for permits.

- Permits relate to one vessel only (s 18).



'One Permit' system : term declaration

- Term declaration for foreign vessels – stating whether intending to remain on coast for a period exceeding 183 days during permit period (s 13(3)).
- Period of “being used to engage in coastal shipping” runs from embarkation/receipt of cargo to disembarkation/completion of discharge (s 7A)



- Parity Condition obligations:
 - **Where parity condition applies:** obligation to pay seafarers employed on foreign flagged vessel difference (if any) between amount paid and amount otherwise payable under Part B of the *Seagoing Industry Award 2010* (s 22(2) and (3))

 - **Australian crewing requirements:**
 - > 183 days “used to engage in coastal shipping” either Master or Chief Mate AND either Chief Engineer or First Engineer must be Australian citizen, resident or Australian work visa holder for the “whole of the period” of the permit (s 38(2))

'One Permit' system: reporting requirements

- Six monthly reporting (s 35)
- Contents of report (re cargo) (s 36(1)(b)):
 - kinds and volume of cargo
 - port loaded
 - date of commencement of loading
 - port of discharge
 - date of completion of discharge
- Report must include number of days of 'coastal shipping' and number of days vessel docked for service



- Current Act's 112 exemption:

“A vessel is not imported into Australia for the purposes of the Customs Act 1901 only because it is used to carry passengers or cargo under a temporary licence or an emergency licence.”

- Bill, s 12B exemption:

“A vessel in relation to which a coastal shipping permit is in force is not imported into Australia for the purposes of the Customs Act 1901”

THANK YOU

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