



AUSTRALIAN COASTAL TRADING UPDATE

Further to our previous Briefings on coastal trading¹ in which we have commented on the Australian Federal Government's proposed changes to the current cabotage scheme administered under the Coastal Trading (Revitalising Australian Shipping) Act 2012, at an industry luncheon yesterday, Deputy Prime Minister Warren Truss, Minister for Infrastructure and Regional Development, provided some further details on the proposed reforms which he said were part of the Government's broader reform agenda.

Deputy Prime Minister Truss' speech announcing the details of the proposed reforms was televised live by a national broadcaster. He described the reforms as being a high priority initiative for the Government given the obvious failure of the current scheme to provide much needed coastal freight support for Australian industry.

The current intention is to have draft legislation presented to a Senate Standing Committee on Economics in the near future with a view to a draft Bill being introduced to Parliament in the Winter sitting session which runs until 25 June 2015. Proceeding on this basis it would be possible for the new legislation to be in effect by early 2016.

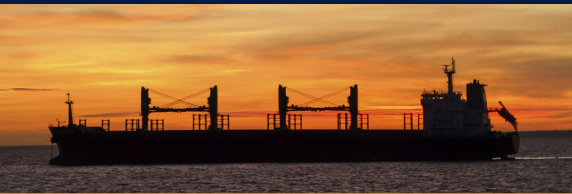
Deputy Prime Minister Truss stated that the coastal shipping system being introduced by the new legislation will include the following significant aspects:

Single Permit System

Australian and foreign vessels alike will:

- Be able to obtain a permit for coastal trading for up to 12 months.
- Not be subject to any contestability provisions.
- Be protected from any deemed importation provisions under the Customs Act 1901 (including when in dry dock).

¹ <http://www.hfw.com/Australian-coastal-trading-market-update-May-2015>
<http://www.hfw.com/Troubled-waters-ahead-March-2015>



An owner of a vessel, or a person responsible for the day to day management of the vessel, may apply for a permit. The application must include evidence of ownership/management as well as a registration certificate for the vessel.

The permit system will also include vessels transporting liquid fuel products from FPSOs, FSUs and offshore platforms to Australian ports.

Crewing requirements

Vessels engaging in coastal trading for more than 183 days are required to have two senior Australian crew members (indicatively a Master or Chief Officer and Chief Engineer or First Engineer) on board. 'Australian' includes citizens, residents or persons who are permitted to work in Australia.

Failure to comply with this requirement may result in cancellation of the permit and refusal of future applications.

Foreign vessels engaging in coastal trading for more than 183 days must comply with Australian workplace law which is currently embodied in Part B of the Seagoing Industry Award 2010, although reform of those provisions was also foreshadowed.

Reporting

In order to assist the Department of Infrastructure and Regional Development in monitoring compliance with the legislation, all permit holders will be required to submit two reports per year providing details of loading and unloading, cargo/passenger volumes and points of departure and destination, in place of the onerous reporting requirements under the current scheme.

Australian International Shipping Register (AISR)

The collective agreement requirement between the seafarer's bargaining unit and the owner of a vessel before the vessel can be registered on the AISR will be removed.

Vessels will now only be required to engage in international trading for a period of 90 days before being eligible for registration and must also comply with the two senior Australian crew requirements.

The new legislation will also envisage a transition period whereby any voyages commenced under an existing Temporary Licence or General Licence will be governed by the terms and conditions of that Licence until completion of the voyage. Once the new legislation takes effect, it is proposed that any future voyages will require a permit under the new Act.

As expected, the Maritime Union of Australia strongly opposes the proposed reforms and staged a protest outside the function venue. Nonetheless, there appears to be a high level of optimism within the Government that the reforming legislation will be passed by Parliament which suggests there is crossbench support amongst the independent Senators who hold the balance of power in the Senate. We will provide further updates on the program as soon as additional information is available.



Maritime Union of Australia protest



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