

COASTAL TRADING UPDATE



Our previous briefings on the Coastal Trading (Revitalising Australian Shipping) Act 2012 (the Coastal Trading Act)¹ set out in detail the proposed reforms to the current cabotage regulations contained in the Shipping Legislation Amendment Bill 2015 (Bill). The proposed reforms which effectively dismantle the previous Labor Government's cabotage legislation to open up the Australian coast to international shipping have been subject to a concerted attack by the Maritime Union of Australia and the Labor opposition. Australian industry is strongly supportive of the proposed reform.

On 25 June 2015, the Bill presented to the House of Representatives, read for the first and second time, then was referred to the Senate Rural and Regional Affairs and Transport Legislation Committee (Committee) for inquiry and report by 12 October 2015. Submissions were received

by the Committee until 22 August 2015 with a total of 40 submissions lodged by a range of stakeholders including peak industry bodies, bulk shippers, bulk, container and cruise ship operators, government departments, and trade unions.

The Committee's report (the report)² was released on Monday 12 October and the Bill was debated in the House of Representatives that evening.

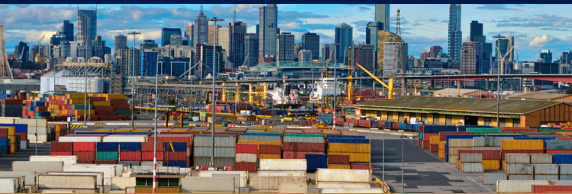
The report

The report summarises the key issues raised by those who support and those who oppose the proposed reforms, concluding with the Committee strongly supporting the introduction of the proposed reforms through the passing of the Bill - noting that it is "a response to failure" and that "its passage will benefit the economy generally"³. The report also recommends that

1 See: Troubled Waters Ahead? Australia to open coastal trades to International Shipping - March 2015, Australian Coastal Trading Market Update - May 2015; and Australian Coastal Trading Update - May 2015 and Australian Cabotage Update - July 2015

2 http://www.apf.gov.au/Parliamentary_Business/Committees/Senate/Rural_and_Regional_Affairs_and_Transport/Shipping_Bill_2015/Report

3 At paragraph 3.78.



further consideration be given to emergency permits and clarification of its impact upon cruise ship operators⁴.

Those in favour of reform argue that the existing regime is:

- Anti-competitive.
- Protectionist.
- Increases freight rates and costs.
- Increases associated red tape for moving cargo on the coast.

Resulting in fewer Australian ships operating on the Australian coast and loss of jobs across a range of industries which depend upon a successful coastal trading industry.

Those against reform argue that the Bill:

- Amounts to an attack on seafarers' jobs and the coastal trading industry as a whole.
- Simply concedes to foreign owned shipping and mining interests.
- Poses a threat to national security in the form of foreign workers who have not undergone adequate security checks.
- Raises significant risks for the environment through the use of foreign flagged vessels.
- Creates the only service industry in Australia where workers are not paid Australian wages.

Parliamentary debate

Predictably, the debate in the House of Representatives, which commenced on 12 October and continues, has proceeded along party lines.

Mr Albanese, for the Australian Labor Party (the Minister who introduced the current legislation), described the Bill as an “obscene piece of legislation” which demonstrated that Federal Government’s phrase being ‘open for business’ was only intended to be for the benefit of “foreign flagged vessels that pay their crew peanuts and put Australians out of work”⁵.

Mr Whiteley, for the Government, said that the purpose of the Bill was to “remedy the dire situation facing our coastal shipping sector”, accused the Maritime Union of Australia of being “totally disconnected with the reality of the global economy” and the Labor government’s Coastal Trading Act of suffocating the industry with “bureaucracy, red tape and the need for endless permits, coupled with union protectionism”⁶.

To pass or not to pass?

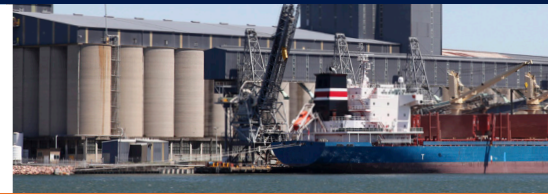
The Bill will pass the House of Representatives. However, its passage through Senate remains unclear and is likely to be dependent on the support of the cross bench senators.

We will continue to keep you updated on further developments regarding the passage of this Bill.

⁴ At paragraph 3.79.

⁵ Hansard, House of Representatives, Monday 12 October 2015, page 73

⁶ Hansard, House of Representatives, Monday 12 October 2015, page 78



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