



COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



**THE SENATE**

**PROOF**

**BILLS**

**Shipping Legislation Amendment Bill 2015**

**Second Reading**

**SPEECH**

**Thursday, 26 November 2015**

BY AUTHORITY OF THE SENATE

---

## SPEECH

<b>Date</b> Thursday, 26 November 2015	<b>Source</b> Senate
<b>Page</b> 41	<b>Proof</b> Yes
<b>Questioner</b>	<b>Responder</b>
<b>Speaker</b> Muir, Sen Ricky	<b>Question No.</b>

---

**Senator MUIR** (Victoria) (13:18): One of the great things about this job is that I get to learn of things that I had no idea about prior to taking my seat. Today's topic is Australian coastal shipping. It has been an interesting voyage, and I have navigated my way through some strong arguments. I have been involved in a lot of consultation on the government's Shipping Legislation Amendment Bill 2015 since it was introduced, and I would like to thank all those who have made contact with my office.

The purpose of the Shipping Legislation Amendment Bill 2015 is to increase access to Australian coastal shipping for foreign crewed ships in an attempt to make coastal shipping cheaper. The bill was referred to the Rural and Regional Affairs and Transport Legislation Committee, and some of the submissions were quite concerning. In its submission to the Senate committee, The Australia Institute stated:

Foreign flagged and crewed ships already have considerable access to the Australian coastal shipping market, making Australian coastal shipping possibly the only service sector facing competition that can use foreign labour while actually operating in Australia.

The Australia Institute's submission also notes that the cost-benefit analysis estimates only 88 Australian seafarer jobs will remain under the department's preferred option for policy change. This represents a loss of 1,089 Australian seafarer jobs, or 93 per cent of the current workforce.

The MUA stated in its submission that the passage of the Shipping Legislation Amendment Bill 2015 will 'destroy the Australian shipping industry' and, according to its own modelling, will have an impact of removing over 2,000 jobs. Maritime Industry Australia Limited stated in its submission that the passage of this bill 'will lead to the complete demise of the Australian flagged trading ship fleet.'

I do want to provide a bit of perspective however. Approximately 96 per cent of Australian shipping is for exporting Australian products overseas. This is not coastal shipping and it is not covered by the coastal trading act 2012. So we are talking about four per cent of Australia's shipping trade. It is a small percentage but is still important.

In reviewing the Senate committee report, I was astounded at some of the evidence given which demonstrates that there is a desperate need for reform. The committee heard about a ship, chartered by Incitec Pivot Limited, which could not unload additional fertiliser at Geelong due to the tolerance limits on the licence. As a result, the ship sailed from Geelong to its Adelaide destination only for the additional fertiliser to be loaded onto trucks and taken back to Geelong. According to Incitec Pivot Limited this was at an additional cost of about \$75,000, but it also placed an additional 40 B-double trucks onto the road between Adelaide and Geelong.

I have also spoken to the Cement Industry Federation at length and know that they have been working very hard at trying to find a compromise position. The Cement Industry Federation provided me with some concerning statistics around clinker production and imports. The amount of clinker being imported has gone from 20 per cent in 2012 to 40 per cent in 2015. This may not be a direct result of the legislation but that does not mean we should not be taking steps now to ensure a strong manufacturing presence and reduce the need for imports. I believe there is a way forward that can protect the interests of both Australian seafarers and manufacturers.

I am concerned, however, that it is possible that the current legislation is effectively reducing the amount of freight available for Australian coastal shipping as manufacturing plants close and imports increase. There has been quite a bit of conjecture about how many jobs will be lost, but I do not want to get into a debate around whose modelling is wrong and whether these job losses have been underestimated or exaggerated. I think it can be said that jobs will be lost, so that is enough of a concern for me.

But I want to have a debate on how we can improve Australia's coastal shipping. I want to have a debate on how we can overcome some of the restrictive administrative burdens that currently exist within the Coastal Trading

(Revitalising Australian Shipping) Act but still maintain an Australian presence. I want to have a debate on how we can successfully manage and protect the interests of Australian seafarer jobs and Australian manufacturing. Unfortunately, the government's bill does not allow us to have those debates. In my opinion, the government's bill goes too far in repealing the tiered licence system and replacing it with a single coastal shipping permit. I think that a better starting point would be to examine what amendments could be made to part 4 of the coastal trading act in order to create a more flexible, streamlined system while still maintaining an Australian presence.

Maritime Industry Australia Ltd has suggested that some changes could be made to the existing legislation which would improve the process of contestability and coastal trading in general. These proposals include removing the five-voyage limit, fast-tracking some applications and being more flexible with variations—voyages where there is no general-licence vessel available and/or willing to utilise the contestability provisions should be exempt from the existing contestability and notification requirements, thereby expediting approval. This should include waiving the need for 'voyage notifications', allowing pre-load flexibility and, in the liquid fuels industry, allowing on-water changes in the event of supply disruptions. Whilst there is no general-licence vessel able to utilise the contestability provisions, the reporting of voyage details could occur at the conclusion of each voyage.

The proposals also include removing the application of the Seagoing Industry Award part B and the Fair Work Act. The application of the Fair Work Act to ships trading under temporary licences should be removed as it adds no discernible benefit to the Australian industry or national economy and creates an enormous red-tape and compliance burden to the ships so affected. The proposals also include providing priority access to coastal cargo to AISR ships, thereby promoting their existence and use, providing a competitive Australian option; and moving away from a 'one size fits all' solution and tackling the issues specific to each trade type separately and, where necessary, distinctly.

I am not saying that I would support all these changes, but this is the debate that we should be having. We have an opportunity—or the government has an opportunity—to overcome the administrative inflexibility that exists within the current legislation but still protect Australian jobs. I urge the government to engage in further discussions with the opposition, the MUA, Maritime Industry Australia Ltd, the Cement Industry Federation, the Australian Institute of Marine and Power Engineers and other stakeholders in order to reach a compromise on how the coastal trading act can be amended in a less destructive way. I will not be supporting this bill but I want to make it clear that I am more than happy to work with the government to improve Australia's coastal shipping trade but also maintain an Australian presence.