



Australian Government

**Department of Infrastructure, Transport,
Regional Development, Communications and the Arts**

Review of the *Coastal Trading (Revitalising Australian Shipping) Act 2012*

Terms of Reference

FINAL

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1.1 Purpose

The review of the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (CTA) will assess whether the object and provisions of the CTA meets current shipping industry needs, including the onshore industry, cargo owners and workers, and supports the implementation and long-term sustainability of an Australian strategic fleet.

1.2 Context

The CTA regulates Australian coastal trading by providing for licences to be granted to authorise vessels to carry passengers or cargo between Australian ports (cabotage). The licensing system established under the CTA provides for three licence types - general licences, temporary licences and emergency licences. All domestic movements of cargo or passengers on interstate voyages must be authorised by one of the three licence types.

The CTA was introduced as a part of a major reform package in 2012, intended to revitalise the Australian shipping industry. The CTA was introduced to reverse the decline in Australia's major shipping fleet, which fell from 55 Australian registered major trading ships with coastal trading licences in 1995-96 to 21 in 2010-11.¹ Vessel numbers continued to decline from 2012 but have been stable since 2015, with 11 major trading vessels currently operating under a General Licence.²

The CTA review forms part of the Government's commitment to improve Australia's maritime capability. On 20 October 2022, the Australian Government established the Strategic Fleet Taskforce to advise Government on the creation of a maritime strategic fleet that will strengthen our economic sovereignty and support improved national security outcomes. The Taskforce submitted its report to Government on 30 June 2023 and the Government's response was released in November 2023.

Recommendation 6 from the Taskforce's Final Report is that the Government conduct a review of the CTA. In its response to this recommendation, the Government agreed to review the CTA as part of a broader strategic fleet post-implementation review 12 months after the first vessels become operational. The Government noted that the review will consider whether the coastal trading regulatory framework is fit-for-purpose and appropriately supports the strategic fleet.

The Government considers the overall effectiveness of the CTA needs to be evaluated and a broader review of the CTA is prudent. The CTA has been in place since 2012 and has not been reviewed. Stakeholder feedback has identified a number of areas where the Act is causing inefficiencies, adding costs unnecessarily, not adequately considering impacts of licence decisions, or creating other impediments to the movement of cargo and passengers. On that basis, the review of the CTA will be undertaken in two phases.

The first phase will focus on elements of the CTA that do not directly relate to establishing and supporting the strategic fleet. The second phase will be undertaken as part of a broader post-implementation review of the strategic fleet, consistent with the Taskforce's recommendation and will focus on assessing whether the CTA appropriately supports the strategic fleet.

¹ Minister's Second Reading Speech, *Coastal Trade (Revitalising Australian Shipping) Bill 2012*.

² P 3, Strategic Fleet Taskforce Report, November 2023.

1.3 Scope

As part of Phase One, the review will consider whether changes to the CTA are required to support a viable and sustainable Australian shipping industry that promotes long-term growth. Specifically, the review will consider:

- the maritime industry’s role in Australia’s domestic trade and economic development;
- the effectiveness of the CTA in achieving its intention of revitalising Australian shipping;
- the evolution of Australian industries, coastal trade and the changing demand for shipping since the CTA’s commencement
- whether the current licencing system is fit-for-purpose, including:
 - the extent to which General Licence provisions can be improved and streamlined and the associated costs made proportionate to the process;
 - whether the current processes for granting Temporary Licences undermine the CTA’s Object;
 - whether current decision-making processes for the Minister and their delegate are appropriate;
 - whether it meets the operational needs for cargo owners in terms of efficient and flexible movement of their cargoes;
 - publication and notification processes including notice in responses, comments by third parties;
 - the appropriateness of emergency licence provisions;
 - whether reporting requirements can be improved or streamlined;
 - licence costs;
 - the functionality of the Coastal Trading Licensing System (CTLS);
- the implications of changes to the CTA on seafarer wages;
- the role of the maritime industry in maximising efficient movement of goods within Australia, and supporting an effective and resilient freight and supply chain;
- the treatment of passenger movements and passenger vessels to support Australian tourism and the domestic cruise industry participants;
- Suitability of the exemptions from the CTA;
- the future growth of Australia’s offshore renewable sector and other emerging industries and its likely effect on Australia’s shipping needs; and
- any other relevant matters.

As part of Phase Two, the review will consider whether changes to the CTA are required to support the long-term objectives of the strategic fleet. Specifically, the review will consider:

- feedback during the process for selecting and operationalising the first strategic fleet vessels;
- whether the CTA appropriately supports strategic fleet vessels and their trade;
- how the legislation could be changed to support the operation and viability of strategic fleet vessels;
- the practicality of recommended amendments to decision making requirements and delegations, and
- the effect of any recommended changes (including any arising out of Phase One) to the CTA on Australia’s shipping industry and onshore industries that rely on shipping services to move cargo and passengers.

The review should take into account that changes to the CTA will require associated system changes to the CTLS.

1.4 Governance

1.4.1 Role of the Reviewers

The Review will be conducted by two Co-Chairs (the Reviewers) with appropriate expertise in maritime regulation and legislation, and public administration. The Reviewers will be appointed by The Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government (the Minister).

Secretariat support for the Review will be provided by the Australian Department of Infrastructure, Transport, Regional Development, Communications and the Arts (the Department).

1.4.2 Responsibilities of the Reviewers

The Reviewers will be responsible for delivering an interim report to Government on phase one of the review and final report to Government informed by phase one and two of the review, including recommendations addressing the scope outlined above.

The Reviewers will be expected to regularly meet to discuss progress of the review and provide regular updates to the Department on review progress, emerging issues and consultation.

The Reviewers must undertake stakeholder consultation processes supported by the Department.

1.5 Timeframe

The draft interim report of the Review will be provided to the Department 6 months from the commencement of the review addressing Phase one of the scope including draft recommendations. A final report and recommendations addressing the full scope and purpose of the review is due 12 months from the commencement of the review.