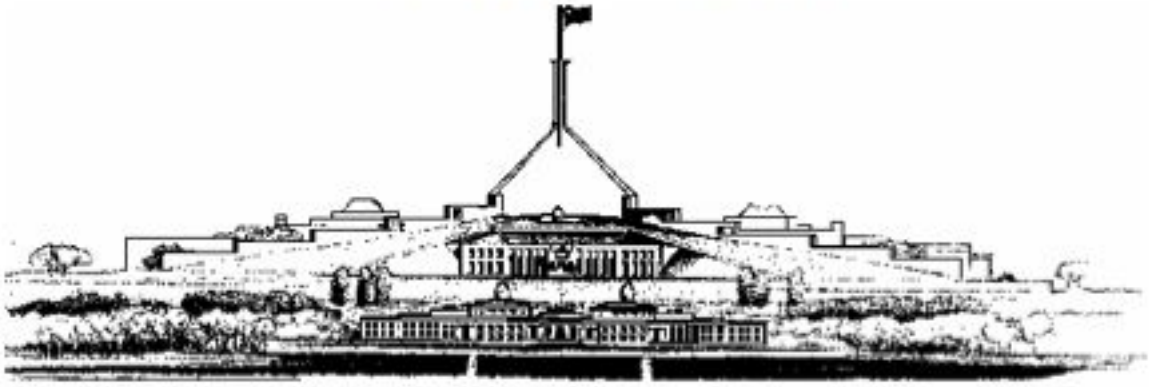
COMMONWEALTH OF AUSTRALIA

PARLIAMENTARY DEBATES



HOUSE OF REPRESENTATIVES

BILLS

Shipping Registration Amendment (Australian International Shipping Register) Bill 2012

Consideration in Detail

SPEECH

Thursday, 31 May 2012

BY AUTHORITY OF THE HOUSE OF REPRESENTATIVES

SPEECH

Date	Thursday, 31 May 2012	**Source**	House
Page	6521	**Proof**	No
Questioner		**Responder**	
Speaker	Truss, Warren, MP	**Question No.**	

Mr TRUSS (Wide Bay—Leader of The Nationals) (13:01): by leave—I move opposition amendments (2) to (5):

(2) Clause 28, page 22 (line 10), after "specify", insert ", to the extent known,".

(3) Clause 28, page 22 (line 11), omit ", which must be 5 or more,".

(4) Clause 51, page 32 (line 25), after "specify", insert ", to the extent known,".

(5) Clause 51, page 32 (line 26), omit ", which must be 5 or more,".

Amendments (3) and (5) remove the requirement that an application for a temporary licence must have at least five voyages in a 12-month period. As I noted in my speech on the second reading debate, one of the exposure drafts of the Coastal Trading (Revitalising Australian Shipping) Bill set the minimum number of voyages at 10 in a 12-month period. As noted in the explanatory memorandum, there was a broad consensus from industry that many operators could not provide sufficient detail for 10 voyages and that five voyages was more practical. However, I would argue that the same objections from industry that applied to the 10-voyage minimum threshold also apply to the five-voyage threshold.

While it is true that most industry participants that would be applying for a temporary licence do engage in five or more voyages per year, it is not the case for everyone. The bill in its present form would see these smaller operators unable to comply with the new regulatory arrangements. There is almost universal agreement in the industry that this requirement should be removed. As Caltex noted in their submission to the House committee inquiry:

Implementing a minimum voyage requirement on [Temporary Licence] applications is not practical or reasonable. The requirement places unnecessary restrictions on shippers who undertake less than five voyages in a 12 month period and disadvantages these stakeholders whose trade is not likely to encourage investment on the coast due to their variable needs and low demand.

The prospect of temporary licence holders making up fictitious or spurious voyages to meet the five-voyage minimum is discussed in many of the submissions to the House and Senate inquiries. A regulatory system is obviously deficient and clearly does not meet its objectives if, in order to comply, applicants are forced to make up fictitious voyages. Not only will this undermine the integrity of the system; it will waste industry and department time and resources processing applications for voyages that will never occur.

Additionally, general licence holders who are given the option of objecting to a particular voyage listed on a temporary licence if they believe they are able to take the cargo or passengers may needlessly spend time objecting to voyages that a temporary licence holder has no intention of undertaking but is just making up to get to the numbers for this five-voyage limit. Shipping Australia comments on the five-voyage limit in their submission, stating:

… the minimum of five voyages, which in our view, discriminates against the smaller coastal shipper who may, for example, have two or three voyages per year …

The department states in its supplementary submission to the House committee inquiry in response to the industry's concerns about the five-voyage limit that the vast majority of shippers undertake in excess of five voyages per year so would qualify under the new temporary licence. I accept that. But then they go on to acknowledge:

For the small number of operators requiring fewer than five voyages, the new arrangements may require some reconsideration of their operating requirements.

If they only want to conduct one or two voyages, how on earth can they reconsider their operating requirements to meet this five-voyage limit? There does not seem to be any logic in requiring five, seven, 10 or any other number. Surely, if they wanted to undertake a voyage—even if it is only one—that ought to be available for assessment. It does not mean it would be granted, but they ought to be able to apply for it. The smaller operators will not be able to operate in the Australian coastal trade, because they really cannot change their operations.

Additionally, the five-voyage minimum will also stifle the ability of start-up routes for new entrants into the market who are not on the Australian register. You will not be able to test a market to see whether there is demand for a particular route if you are unable to commit to five voyages in a 12-month period. One such example is raised by Sucrogen in their submission to the House inquiry. They explain:

The bioethanol business was recently re-structured to provide only fuel grade ethanol into the Queensland market with industrial markets served by product imported to the Port of Melbourne. Ships for this product also have to meet certain product specific requirements. Under recently changed market conditions, Sucrogen Bioethanol will re-start coastal transfers of ethanol from North Queensland to Melbourne displacing imports.

However, Sucrogen believes this is made more difficult because of this bill. They say:

It might be that from time to time depending on the market situation the business needs to only move one cargo. It may be that it needs to move four and this cannot be predicted over a 12 month period. Thus the business is beholden to this Act .... At present the differentials for moving cargo from North Queensland versus imports from Brazil are marginal.

(Extension of time granted). The bill, if successful, will make moving bioethanol from Queensland to Melbourne harder not easier.

There are one-off cargoes requiring a specialist vessel for a single or a couple of journeys. These tasks could not be undertaken under the restrictive legislation as it currently stands as there is no provision for tasks requiring less than five voyages in the temporary licence arrangements. The Australian Logistics Council states in their submission to the House inquiry:

In the absence of an explanation why the arbitrary figure of five voyages was picked, ALC would recommend the five voyage threshold to eligibility to apply for a temporary licence be removed from the legislation.

The coalition agrees, and that is why we have proposed the amendment.

The second amendment of this group is to remove the five-voyage minimum for applications to vary the temporary licence. You have to amend five at a time, or if you want to add two voyages to your five-voyage application you simply cannot do it. That does not make any sense. Often there is no option to send it by road or rail; the reality is that the task cannot occur and that just does seem to be a very curious requirement.

The coalition believes that this amendment is sensible and would assist in making the temporary licence system more workable for the industry. If a temporary licence has been granted and a temporary licence holder wishes to add extra voyages not contemplated when the temporary licence was first applied for they should be able to do so without impediment.

Amendments (2) to (4) insert the words 'to the extent known for applications for a temporary licence and variation to a temporary licence'. The amendments make it clear that only the information that is actually known at the time of the application must be submitted. It will address some of the industry's concerns about the prescriptive nature of applying for a temporary licence. Frequently, you do not know all of these details this far in advance. It is reasonable, therefore, that they only be required to provide information that they actually know about. It is certainly reasonable. The government has in the bill, and particularly in its amendments, in some circumstances allowed for only information that the applicant knows about to be required in their application. But why is this not universal to all of the requirements that an applicant needs to provide to the minister when making the original application? To say that some things do not have to be provided if the applicant does not know about them but that others do, even if they do not know about them, does not seem to me to be logical at all.

The explanatory memorandum for the Coastal Trading (Revitalising Australian Shipping) Bill says on page 23 that a temporary licence will be issued for:

… only those voyages where the required information is known (including expected loading dates, loading and discharge ports and cargo type and volumes) …

So the minister really is not able to waive this requirement, even though the applicant does not know what the information is at the time. He is obliged to approve these applications only when all of this information is known.

The rationale for the 12-month period for a temporary licence as opposed to continuing voyage permits, which last for three months, has been explained by the department as providing holders of these licences with a greater certainty regarding their shipping arrangements. However, this does not take into account the commercial reality in many parts of the shipping industry where a 12-month schedule is not possible to predict. Shipping Australia says in its submission that it is impossible to forecast the movement of such cargoes over a 12-month period. That is particularly true of break-bulk and the bulk industries. You do not know how big the sugar crop is going to be at the beginning of the year, or who the eventual purchaser will be. So why are these restrictive requirements being included in the application for temporary licences?

A number of the major users have certainly backed the changes proposed by the coalition, including Caltex. Shell backs up the assertion, saying:

Overall the Temporary Licence system appears more complicated and burdensome to both the oil industry and the Department than the existing Permit system, and in our opinion, will fail to deliver any of the objectives of the Act in respect to the oil tanker segment of the Australian shipping industry.

So this amendment will clarify the existing provision, reduce the regulatory burden on the shipping industry and ensure that the self-evident logical occurrence would be that if the information is not available it does not have to be provided. *(Time expired)*