

Committee Secretary
House of Representatives Standing Committee
on Infrastructure and Communications
Parliament House
Capital Hill ACT 2600

Dear Sir/Madam,

Re: Coastal Trading/Shipping Reform Bills

We welcome the opportunity to comment on these Bills. Minerals industry suppliers and customers are significant users of coastal shipping, responsible for up to half of the bulk (that is, other than containers or break bulk) cargo moved around Australia. Companies use a variety of shipping arrangements: some use Australian-flagged and Australian-licensed vessels; others use occasional, foreign-licensed vessels on limited permits. This mix of types of vessel is critical for creating competition and providing for flexibility.

The Minerals Council of Australia is concerned that the ramifications of the final versions of the Bills have not been properly examined. Removing the flexibility of the coastal trading licensing system to adapt to the shipping requirements of customers engaged in highly competitive markets may be counterproductive.

The fiscal and tax provisions in the Bills appear to be a positive development. These have long been accepted as the best means to help secure internationally-competitive, Australian-flagged shipping. Overwhelmingly, though, minerals companies and their customers are the consumers of shipping services not ship operators. Our priority, which is lacking in the Object and provisions of the Bills, is a legislative framework that supports the interest of the **consumers of shipping services**: flexibility and internationally competitive prices.

The MCA supports the submissions made by the Australian Bulk Shipping Users and the National Bulk Commodity Group and would refer the Committee to those submissions for more detail. In particular we support the recommendations:

1. That the Infrastructure and Communications Standing Committee request the Coastal Trading Bill be referred by the Australian Treasurer to the Productivity Commission to ensure the productivity and economic consequences of the Coastal Trading Bill 2012 are properly scrutinised;
2. That the Coastal Trading Bill 2012 be deferred until a full economic impact and productivity assessment can be made, and
3. That the existing systems for the provision of single and continuing voyage permits continue to operate in the interim.

Yours sincerely,

Sid Marris
Director – Industry Policy
Minerals Council of Australia
13 April, 2012