

# Chapter 4

## Regulation of temporary licences

4.1 The majority of the evidence received from submitters has been directed towards the Coastal Trading (Revitalising Australian Shipping) Bill 2012 (CT bill). In particular, submitters have expressed concerns on the operation of temporary licences (TLs). This is consistent with evidence received by both the House of Representative's transport committee inquiry undertaken in 2008 and the government's recent consultation on the reforms.<sup>1</sup> Evidence relating to the operation of the proposed licensing regime and TLs will be discussed in this chapter and the following one. This chapter will examine:

- the voyage details required for temporary licence applications and variations; and
- the minimum five voyage requirement for temporary licence applications and variations.

4.2 The Explanatory Memorandum (EM) to the CT bill acknowledged that industry had expressed a range of concerns on the application process for a TL and that as a result a number of models for the process were discussed with industry. The EM explained that the CT bill is intended to balance these needs and those of general licence (GL) vessels:

The provisions of the Bill are designed to balance the needs and priorities of these businesses and industries whilst providing ample opportunity for general licence holders to nominate to carry passengers or cargo that would otherwise be carried by either foreign-registered vessels or vessels registered on the Australian International Shipping Register.<sup>2</sup>

### *Submitters' views on the current regime*

4.3 A number of submitters expressed satisfaction with the level of flexibility provided in the current permit system.<sup>3</sup> BP Australia commented:

BP operates Australian-licensed vessels supplemented with the use of Single Voyage Permits (SVPs). The resulting flexibility is a key enabler for the Australian hydrocarbon shipping sector to ensure continuity of physical

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1 Department of Infrastructure and Transport, *Submission 2*, p. 10.

2 Explanatory Memorandum, Coastal Trading (Revitalising Australian Shipping) Bill 2012, pp 22–23.

3 Shipping Australia, *Submission 1*, p. 2; National Bulk Commodities Group Inc, *Submission 10*, p. 10; Australian Shipping Consultants, *Submission 17*, p. 2.

supply of fuel across Australia and to optimise the performance of our Australian refineries and terminal infrastructure.<sup>4</sup>

4.4 The Minerals Council of Australia highlighted that minerals industry suppliers and customers are responsible for up to half of the bulk cargo (other than containers or break bulk) moved around Australia. The council commented:

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.<sup>5</sup>

4.5 The Australian Logistics Council highlighted that the current permit system has provided benefits to shippers through having easy-access to foreign vessels undertaking triangular voyages which include an Australian coastal leg:

This freight carrying capacity has led, amongst other things, to keeping a downward pressure on prices, particularly with regards to the carriage of freight between the eastern seaboard and Fremantle.<sup>6</sup>

4.6 The National Bulk Commodities Group argued that the current permit system provides choice and availability in the supply chain:

Transport logistics is extremely sensitive to a supply chain, which is dependent on a service that is both competitive and reliable. These attributes explain why Australian dry bulk shipping users are supportive of the Permit system whereby competitive tension is maintained through choice and availability. Turning the clock back to an era where dry bulk shippers are deprived of competitive options and reliability is seen as a retrograde step.<sup>7</sup>

4.7 In contrast, the Maritime Union of Australia argued that the current licensing regime is ineffective and lacks transparency:

The permit system, until about 10, 12 or 15 years ago, was a reasonable mechanism to get the balance right...

...the permit system basically was disintegrated in terms of its application and it became a laissez-faire approach to the awarding of permits. There was no transparency and there was no direct connection between the awarding of permits and the nurturing of the domestic industry. In fact, it was actively used over an infamous period of 10 years when really with permits the exception then dominated the rule, and in fact with investment in the Australian shipping industry we went from a shipping industry that had one of the youngest fleets—on average about six or seven years—to

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4 BP Australia Pty Ltd, *Submission 11*, p. 1.

5 Minerals Council of Australia, *Submission 20*, p. 1.

6 Australian Logistics Council, *Submission 5*, p. 6.

7 National Bulk Commodities Group, *Submission 10*, p. 10.

one of the oldest fleets, where we now have these creaky old ships floating around the place that are 20 to 25 years old.

So effectively industry policy that had been longstanding for generations in this country had been undermined by what I would say was a negligent approach to the issuing of permits. There was no transparency. There was no ability for the Australian shipowner to position their ships to their own advantage. There was no effective notice given for where parcels of cargo would be moved. There was an ability to nominate the size of the cargo and say, 'We will only carry that size of cargo, and the Australian ships aren't the right size.'

So effectively, by the use of permits, they bypassed an existing fleet that was efficient.<sup>8</sup>

4.8 The Hon. Anthony Albanese, MP, Minister for Infrastructure and Transport, recognised these flaws in the current permit system when he announced the reforms:

It is important that Australian coastal shipping is competitive and that shippers can make use of foreign-registered vessels when Australian ships are not available.

But the current permit system is broken. It creates uncertainty and serves as a disincentive to capital investment. Permits are too easy to obtain.

The alleged policy objectives are observed in the breach. It is not clear what permits are being issued and for what trade. The rules aren't clear and are not set out in legislation. There are no incentives to encourage a long-term commitment to working the Australian coast.

Reforms I am announcing today provide clarity and transparency to shippers and operators and enable them to plan long-term. The new licensing regime will support Australian shipping and set clear boundaries around the necessary role of foreign vessels in our coastal trade.

Licensing requirements and conditions will be set clearly in legislation, giving certainty and clarity to all operators.<sup>9</sup>

## Temporary licence applications and variations

4.9 Some submitters argued that, in contrast to the present regime, the proposed three tier licensing regime was restrictive and impractical. Key issues with the licensing regime were directed towards TL applications and variations and included concerns that:

- any requirement for a TL applicant to forecast the number of voyages and the types of cargo are impractical and do not allow for adequate flexibility;<sup>10</sup>

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8 Mr Paddy Crumlin, National Secretary, Maritime Union of Australia, *Committee Hansard*, 15 May 2012, pp 57–58.

9 The Hon. Anthony Albanese, MP, Minister for Infrastructure and Transport, 'Stronger Shipping for a Stronger Australia', AS26/2011 Speech to the Maritime Industry, Sydney, 9 September 2011.

- the requirement to have a minimum of five voyages for a TL application is unworkable and discriminates against smaller shippers (cargo owners);<sup>11</sup> and
- the requirement to have a minimum of five voyages when seeking to increase the number of voyages on a TL is impractical.<sup>12</sup>

### ***Voyage details required for a Temporary Licence***

4.10 Subclause 28(2) and subclause 51(2) outline the details required for a TL application and a TL variation respectively:

- (2) The application must be in writing and specify the following:
- (a) the number of voyages, which must be 5 or more, to be authorised by the licence;
  - (b) the expected loading dates;
  - (c) the number of passengers expected to be carried (if any);
  - (d) the kinds and volume of cargo expected to be carried (if any);
  - (e) the type and size, or type and capacity, of the vessel to be used to carry the passengers or cargo (if known);
  - (f) the ports at which the passengers or cargo are expected to be taken on board;
  - (g) the ports at which the passengers are expected to disembark or the cargo is expected to be unloaded;
  - (h) such other information as is prescribed by the regulations.

Note: The Minister may ask the applicant to provide further information, see section 77.

4.11 Shipping Australia argued 'it is impossible to forecast the movement of such cargoes' and questions how 'information can be provided over a twelve month period when significant volumes of cargo come up for carriage at short notice'.<sup>13</sup>

4.12 Wallenius Wilhelmsen Logistics considered that the requirement to forecast the movement of cargoes will lead to the termination of services by international carriers and stated that '[i]t is completely impractical to provide this data with

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10 Shipping Australia, *Submission 1*, p. 2; Australian Shipowners Association, *Submission 7*, p. 8; Wallenius Wilhelmsen Logistics, *Submission 9*, p. 2; Caltex Australia, *Submission 16*, p. 7; Australian Shipping Consultants Pty Ltd, *Submission 17*, p. 4; Mobil Oil Australia Pty Ltd, *Submission 23*, p. 3.

11 Shipping Australia, *Submission 1*, p. 3; Australian Logistics Council, *Submission 5*, pp 2, 8; Australian Institute of Petroleum, *Submission 12*, pp 6–7; Caltex Australia, *Submission 16*, p. 7.

12 Shipping Australia, *Submission 1*, p. 3; Caltex Australia, *Submission 16*, p. 10; Australian Shipping Consultants Pty Ltd, *Submission 17*, p. 3.

13 Shipping Australia, *Submission 1*, p. 2.

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certainty and the Bill needs to be re drafted to reflect the realities of international and coastal markets'.<sup>14</sup>

4.13 Australian Shipping Consultants also opposed the requirement and highlighted that these projections are likely to be the subject of variation, which would be a time consuming process. It argued that these variations would be contrary to the 'much heralded outcome of "greater transparency and recording of data"'.<sup>15</sup>

4.14 The Fertiliser Industry Federation of Australia informed the committee of the difficulties its industry would face with the requirement and the flexibility that is required for its seasonal industry:

We have problems with seasonality and unpredictability in the fertiliser industry, so it is not just about cost but also about availability. Approximately 55 per cent of our product is sold in four months of the year. It is very difficult to get regular shipping which would suit an Australian coastal vessel so the availability of foreign vessels is important in providing the capacity at times when it is needed, so it is for a short period. The other issue is that it is very common for us to reschedule shipping in all sorts of ways. If we get an early break in Victoria and we empty the sheds in Melbourne and we organise a vessel to go there, but if it suddenly pours with rain the farmers stop picking it up. The vessel has to go to Adelaide instead because there is no space in Melbourne, and you then have to book another vessel for two weeks later to resupply Melbourne when it starts to dry out again. So shipping decisions are being made on an almost daily, and certainly weekly, basis. There is a difficulty in trying to predict ahead, and the initial proposal for your five voyages 12 months ahead is going to be difficult or impossible for our industry to meet.

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From the fertiliser industry's perspective, it [the licensing regime] would need to be as flexible as the existing system in terms of time frames because that is why it is critical for us.<sup>16</sup>

4.15 Ports Australia noted that shipping companies involved in container trades may adjust to the regime more readily, however it highlighted the bulk trades may encounter more difficulties to accurately predict its trade over an extended period:

We believe therefore that a first tier issue is the effectiveness of the temporary licence system and that its success or otherwise will lie very much in the timeliness and responsiveness the regime demonstrates. At first glance the complexity and perhaps the draconian nature of the reporting requirements inherent in the coastal licensing permit system is an issue. Our engagement with the shipping industry on this matter has drawn a mixed

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14 Wallenius Wilhelmsen Logistics, *Submission 9*, p. 2.

15 Australian Shipping Consultants Pty Ltd, *Submission 17*, p. 4.

16 Mr Nick Drew, Executive Manager, Fertiliser Industry Federation of Australia, *Committee Hansard*, 15 May 2012, p. 30.

response but generally it is fair to say that the response to us has been that shipping companies involved in the container trades may be able to adjust to these requirements over time but that shipping lines and shippers involved in the bulk trades will find it more difficult to predict precisely their cargoes in advance given spot market and seasonal conditions.

While we see it as appropriate to leave it to the more expert opinion of representatives of the shipping industry to suggest how the legislation might be tweaked to make it more workable it is imperative in our view that if the regime is to respond appropriately to the commercial realities of the coastal trades including the container trades (particularly east/west) then it is important to have fast turnaround times and to avoid the risk of the regulators being bogged down in subjective argument about national interest and what, at this juncture, constitutes the long term interests of Australian national shipping.<sup>17</sup>

4.16 In concurrence with this observation, ANL Container Line who are currently one of the largest users of SVPs and CVPs stated:

We move a lot of cargo around the coast at the moment for a large number of clients. If you think of a container load, we are moving container loads in the hundreds during the week. Each one of those has one client attached to it, so it is not a bulk cargo, such as in some of the other submissions today.

...we support the package of bills. We think it is good that the government is doing something. The industry as a whole has really lacked any government sponsorship or any government interest over the years, and we have finally got a government that actually is taking an interest in the sector and realising that, as an island continent and a shipping nation, we need to have a maritime policy. You cannot be an island continent with, as Paddy Crumlin said, the fourth largest shipping task in the world and not have a maritime policy. To date we really have not had that, until this package of bills has come forward.<sup>18</sup>

4.17 The Australian Shipowners Association (ASA) represents 'companies whose primary business is to provide sea transport services to the freight market as well as companies whose shipping operations form an element of their supply chain, hence some of ASA's [m]embers are very large cargo interests' and are active in both domestic and international trade routes under both Australian and foreign-flagged vessels. The ASA submission noted that on matters of controversy among members, it had opted to represent the views of the shipowner, as distinct from the shipper or cargo interest.<sup>19</sup>

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17 Ports Australia, *Submission 24*, pp 3–4.

18 Mr Chris Schultz, General Manager, Business Development, ANL Container Line Pty Ltd, *Committee Hansard*, 15 May 2012, p. 67.

19 Australian Shipowners Association, *Submission 7*, p. 4.

4.18 The ASA expressed support for the enhanced transparency in the new licensing regime to allow for GL vessels to nominate for trade.<sup>20</sup> It acknowledged, however, that there is an increase in administration within the proposed regime for both industry and the responsible department. It argued that '[m]atters resulting in excessive "red tape" for no demonstrable benefit should be reviewed to remove onerous and unproductive requirements':<sup>21</sup>

The timeframe of the TL application (12 months) could make the provision of data for that entire period little more than a "best guess" and, in many circumstances, is unlikely to resemble the actual voyages required. This is due to the unknown nature of many shipping movements. The result will be a raft of variations being sought to the originally provided "voyage" requirements, which will trigger the process of review by General Licence (GL) holders. In total, this process would increase the administration required in order to undertake a voyage with a non-GL ship from that required under the existing legislation/permit regime. Such unproductive red tape must be avoided. **It is understood that one means of mitigating this provided for under the Bill is to initially only apply for voyages that are known and to apply for variations to add voyages at later stages.**<sup>22</sup> (Their emphasis)

#### *Acceptable tolerance limits*

4.19 Following comments from industry during the consultation period an 'acceptable tolerance limit' was included for the projected volume of cargo or passengers on a TL vessel, as well as for loading dates. 'Acceptable tolerance limits' are defined in clause 6 of the CT bill. The EM outlined:

In relation to a cargo, the acceptable tolerance limit is plus or minus 20% of the volume of cargo authorised to be carried on a vessel under a temporary licence. In relation to passengers, the acceptable tolerance limit is plus or minus 20% of the passengers authorised to be carried on a vessel under a temporary licence.

In relation to a loading date, the acceptable tolerance limit is five days before or after the loading date authorised under a temporary licence. While current arrangements provide for a tolerance in regard to the sailing date, this Bill uses the loading date. This is consistent with industry advice that the loading date may in certain circumstances be more critical to the ongoing management of operations (clearing a stockpile/empty storage tanks etc), including upstream production.<sup>23</sup>

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20 Ms Teresa Lloyd, Executive Director, Australian Shipowners Association, *Committee Hansard*, 15 May 2012, p. 66.

21 Australian Shipowners Association, *Submission 7*, p. 2.

22 Australian Shipowners Association, *Submission 7*, p. 8.

23 Explanatory Memorandum, Coastal Trading (Revitalising Australian Shipping) Bill 2012, p. 9.

4.20 Clause 37 (issue of temporary licence) and clause 48 (issue of varied temporary licence) both allow for acceptable tolerance limits.

*Balancing freight needs with General Licence nominations*

4.21 The Department of Infrastructure and Transport (the department) informed the committee that the coastal trading bill is intended to strike a balance between recognising the freight needs around the coastline, as well as allowing for GL holders to nominate for trade:

...what we have tried to do with that bill is to ensure that there is a balance struck in terms of giving Australian general licence holders the opportunity to nominate to be able to carry cargo, but the arrangements for temporary licences also recognise that freight needs to move and it needs to move in a timely fashion. We have ensured that there is a balance in terms of keeping that freight moving but having a more visible and transparent process for operators to be able to put their hands up and compete for that work...

In fact, having sat through the large number of consultations on these reforms and trying to develop this legislation with industry, the department can be left in no doubt about the importance of ensuring that freight continues to move and the requirements of shippers. That is very clear to the department and it has probably made this aspect of the reform the most contentious in terms of trying to work with the industry to reach a final position to put to government. Industry has made that view very, very clearly known to us and we have taken it into account, having regard also to the government's intent of trying to ensure that there is a better process than currently exists for Australian vessels to be able to compete for cargo.<sup>24</sup>

4.22 The department clarified that while a TL was valid for 12 months, applicants were not expected to forecast the detail of every voyage for the duration of the licence. The department explained to the committee that it had allowed for flexibility in TL applications and variations within the 12 month period:

**Ms Gosling:** ...I just want to be clear. I do not want to leave the committee with an impression that an operator has to see 12 months out. The licence is issued for a 12-month period, but the operator can come back as their voyages are known, as it suits them. They do not have to anticipate. This was a key change from bill 1 to bill 2. They no longer have to anticipate their voyages 12 months out. They have to have a minimum of five, but they could come back on a monthly basis if that suits them as the detail of those voyages are known to them, in terms of going for the next suite of approvals.

**Senator BUSHBY:** So they just have to undertake that they will do five voyages?

**Ms Gosling:** Yes.

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24 Ms Karen Gosling, Executive Director, Surface Transport Policy, Department of Infrastructure and Transport, *Committee Hansard*, 15 May 2012, pp 4, 5.

**Senator BUSHBY:** They do not have to provide details until they know what they are?

**Ms Gosling:** They have to provide enough information to ensure that a general licence holder could seriously compete for that cargo, but they do not have to anticipate on 1 July what they are moving [the following year] on 30 June.<sup>25</sup>

### ***Minimum of five voyages for applications and voyage variations***

4.23 As discussed above, paragraph 28(2)(a) and paragraph 51(2)(a) of the CT bill outlines that a TL application and variation of additional voyages must include the detail of a minimum of five voyages. The department outlined the policy intent for this requirement:

These provisions seek to address the long standing concerns that the permit system, specifically SVPs, have enabled foreign registered and crewed ships to operate in the Australian coastal trade almost without restriction. As noted earlier in this submission, this has facilitated the long term decline of the Australian shipping industry.

Although a TL will continue to allow foreign ships to be used to engage in coastal trading, it is not simply a permit re-badged. Industry participants will have greater visibility of what voyages these vessels are undertaking. Currently, SVPs are issued without any regard to what previous voyages the same vessel may have undertaken, or whether these vessels are undertaking regular scheduled services that could be supported by an Australian licensed vessel.

The CT Bill provides for a more rigorous application process for a TL. Authorising the number of voyages also makes the role of foreign registered vessels in the domestic trade more transparent.<sup>26</sup>

4.24 Australian Shipping Consultants, however, deemed the requirement of a minimum of five voyages for TL applications and variations as 'wholly inappropriate and unworkable in practice'.<sup>27</sup> Shipping Australia also raised concern with the requirement and argued that it discriminates against smaller coastal shippers who may have a limited number of voyages per year.

4.25 Shipping Australia recommended that the provision be removed entirely, or alternatively, that the parameters for the information required be more general than those specified in the CT bill and that variations should be permissible on a single voyage basis:

...the criteria for the original application of the temporary licence [should] be based on best endeavours and the provision of full information, (where

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25 *Committee Hansard*, 15 May 2012, p. 8.

26 Department of Infrastructure and Transport, *Submission 2*, p. 12.

27 Australian Shipping Consultants Pty Ltd, *Submission 17*, p. 3.

known). The temporary licence should be varied for one off voyages on the basis of new information.<sup>28</sup>

4.26 Shipping Australia argued it would like to see the minimum voyage requirement completely removed from the bill but stated 'our emphasis would be on the variation'.<sup>29</sup>

4.27 Caltex also argued that a minimum voyage requirement 'is not practical or reasonable' and recommended that the minimum number of five voyages per TL be removed from the CT bill:

The only way for these shippers to obtain a TL would be to include "bogus" or "fictitious" voyages in their applications so that they meet the minimum voyage requirement. This places needless administrative burden on the applicant as well as the Department for, what would seem, no benefit. This also goes against one of the aims of the shipping reform package to increase transparency and enhance the efficiency of the Australian shipping industry.

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Clearly the intent of the minimum voyage requirement is to allow GL holders to determine if they want to nominate to carry cargo outlined in a TL application. However, if this requirement forces TL applicants to include inaccurate or "fictitious" voyages then the intended outcome of this requirement will not be achieved.

The government cannot expect accurate information when the needs of industry have not been adequately taken into consideration and unnecessary requirements are imposed in the Bill, such as requiring details of coastal movements 12 months in advance and the minimum voyage requirement. This places applicants in a difficult and untenable position.<sup>30</sup>

4.28 Clause 42 of the CT bill outlines that a breach of TL conditions, however, is subject to civil penalties of 50 units for an individual and 250 units for a body corporate. In addition, clause 59 states that '[i]f the Minister believes on reasonable grounds that a condition of a temporary licence has been contravened' the Minister can issue a written notice and following this, if deemed appropriate, cancel a licence. Clause 63 details items that would be considered for an alleged inappropriate use of a TL. Where it is deemed a TL has been used inappropriately it can be cancelled.

4.29 The department informed the committee that the views of industry participants had been considered and the minimum voyage requirement had been adjusted accordingly:

The first exposure draft of the CT Bill provided for a minimum of 10 voyages, however, following industry consultations and feedback, the

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28 Shipping Australia Limited, *Submission 1*, p. 3.

29 Mr Llewellyn Russel, AM, Chief Executive Officer, *Committee Hansard*, 15 May 2012, p. 42.

30 Caltex Australia Limited, *Submission 16*, pp 7–8.

minimum was lowered to five. This has received general support from industry.

Stakeholders who currently operate under one or more, but less than five, permits will be impacted by this requirement in the CT Bill; based on 2010–11 data, up to 15 operators are likely to be affected. It is expected that there will be a need for these stakeholders to revise their business operations to adapt to the requirements of the new legislation.<sup>31</sup>

4.30 The department emphasised the small number of operators likely to be affected and informed the committee that three percent of permits over the last 12 months were issued to companies that used five or fewer permits over the year:

We are talking about a small number of operators, but we understand that it is important to their business models. They want to understand what the changes will mean for them. We are happy to continue working through with them in terms of how they will be able to make this system work for them. We have been doing that and we will continue with that industry consultation as we go through the implementation details of the new changes.

One option for them would be that they may be able to have some arrangement with a general licence holder and that would give effect to the sort of overall object of the government's reform in having greater use of general licence holders of Australian vessels. Another option that may be available to them is to work with an agent to see whether they can access temporary licence approval that another operator has already secured. But we are certainly happy to continue to work through those options with that small number of operators who have a requirement for a small number of voyages over a given period.<sup>32</sup>

4.31 The ASA informed the committee that any removal of the minimum voyage requirement was unlikely to deter potential investment in two Australian vessels operating in the Bass Strait. Ms Lloyd, Executive Director of the ASA asserted that 'as long as the overall premise is that a GL holder is advised every time there is a variation and has an opportunity to reply, that would meet the needs of that particular shipping company'.<sup>33</sup> The ASA further clarified this position with the committee:

...the five is a reasonably arbitrary figure and...we have never been particularly sold on the concept of having a number. Whether it is five or 10 or 20 or two, we do not understand the policy intent of requiring a set number of voyages.

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31 Department of Infrastructure and Transport, *Submission 2*, p. 12.

32 Ms Karen Gosling, Executive Director, Surface Transport Policy, Department of Infrastructure and Transport, *Committee Hansard*, 15 May 2012, p. 7.

33 *Committee Hansard*, 15 May 2012, p. 69.

I think that, in many ways, the 12-month issue and the five-voyage issue are quite mutually exclusive in that with the 12-month permit you are really putting your hand up to play the game, so to speak, and then you apply for voyages. You will only ever get approval for voyages that you know all the detail about and for many, many operators that is not going to be a full 12 months worth. What the bill is suggesting, I suppose, is that you should know for at least the next five. Maybe that works in some circumstances, maybe it does not. We are saying that we do not really think it will help the Australian shipping industry by confining it to five voyages.<sup>34</sup>

### *Committee view*

4.32 The committee acknowledges the efforts made by the department to adjust the 'tolerance levels' in the CT bill for temporary licence (TL) applicants projecting the volume levels and loading dates for voyages specified in TL applications and variations. The committee commends this approach and the consideration given to members of the industry during the consultation of the bills.

4.33 The committee also notes comments from the department that members of industry are not expected to forecast cargo movement and volume for the full 12 month duration of a TL. Members of industry can include the details of voyages that are known, and variations thereafter will be accommodated.

4.34 The committee recognises that industry's views on the minimum voyage requirement were taken into consideration during the consultation process. This resulted in the minimum voyage requirement being reduced from 10 to five. The committee is concerned however, that the inclusion of a minimum voyage requirement may encourage details of 'falsified' voyages in TL applications and variations. This would compromise the objective to enhance transparency and assist GLs to nominate for trade. Further, it may well result in an unnecessary increase in variations to the detail of TL applications. This would be burdensome to the ship operator, shipping industries and the department.

4.35 The committee notes the arguments that a number of stakeholders will be adversely impacted by this requirement and recommends that the department re-examine these legitimate complaints from industries reliant on coastal shipping, as well as those of the ship owners, to establish whether the minimum voyage requirement is necessary to improve transparency arrangements.

4.36 The committee commends the policy intention which is 'designed to balance the needs and priorities of these businesses and industries whilst providing ample opportunity for GLs to nominate to carry passengers or cargo that would otherwise be

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34 Ms Teresa Lloyd, Executive Director, Australian Shipowners Association, *Committee Hansard*, 15 May 2012, p. 71.

carried by either foreign-registered vessels or vessels registered on the Australian International Shipping Register'.<sup>35</sup>

4.37 However, the committee advises the department to consult more widely, and in greater detail, to determine whether a minimum voyage requirement for TL applications and variations is superfluous to other transparency measures outlined in the CT bill to allow GLs to nominate for coastal trade.

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35 Explanatory Memorandum, Coastal Trading (Revitalising Australian Shipping) Bill 2012, pp 22–23.

