

Committee Secretary  
Senate Standing Committees on Rural and Regional Affairs and Transport  
PO Box 6100  
Parliament House  
Canberra ACT 2600

Dear Secretary

**SHIPPING LEGISLATION AMENDMENT BILL 2015  
SUBMISSION**

I am writing on behalf of the Tourism & Transport Forum (TTF) to make a submission in relation to the Shipping Legislation Amendment Bill 2015.

By way of background, TTF is the peak national advocacy body for the tourism, transport and aviation sectors in Australia. A number of our members are either cruise shipping companies or have a strong interest in the success of cruise shipping because of the benefits it delivers to the broader tourism industry.

TTF has been active in advocating for reforms to coastal shipping legislation for a number of years and this submission focuses on the impact of the legislation on cruise shipping.

In summary, TTF supports the government's Shipping Legislation Amendment Bill 2015 but is seeking further clarity in relation to some aspects of the bill.

Cruise shipping has enjoyed significant growth in Australia and it now makes a major contribution to the Australian economy. A study commissioned by Cruise Lines International Association (CLIA) found that, in 2013, the cruise industry made an economic contribution of \$3.2 billion and employed 14,000 people across Australia.

The growth of cruise shipping in Australia has been facilitated by the federal government's decision to exempt large cruise ships (vessels of 5000 tonnes and carrying at least 100 passengers) from the Coastal Trading Act (CTA). This has ensured that, for large cruise ships, the industry has been able to operate competitively in Australian waters in what is a global market place.

TTF has, however, argued that the benefits of this exemption should be extended to smaller cruise ships. Expedition cruise shipping is a high-end and high-value part of the cruise ship market.

However expedition cruise ships have generally fallen below the threshold for the exemption available to larger cruise ships.

The effect has been obvious and Australia has largely missed out on the benefits of what is a growing part of the international market. As a result of the costs that flow from the operations of the Coastal Trading Act, very few international expedition cruise shipping companies operate in Australian waters.

For the tourism industry, this has meant little growth in a high-spending luxury component of the market. It has particularly disadvantaged regional coastal communities away from major ports which are the likely destinations for expedition cruise ships (particularly in remote areas). Coastal Tasmanian, northern Australia and smaller ports in other states would be particular beneficiaries of an expansion of expedition cruise shipping. As a result, most state and territory governments have supported changes to the regulatory regime to support growth in this part of the market.

TTF believes that the government's proposed legislation will address the problems associated with the current Act and open up a new era of growth for expedition cruise shipping in Australian waters.

TTF believes that the operation of the ministerial exemption has been the most important precondition for the blossoming of cruise shipping in Australian waters. The bill simplifies the current regulatory regime and ensures that all cruise ships receive the benefits that have arisen as a result of the exemption provided to large cruise ships. Importantly, the permit structure proposed by the government regularises and extends the arrangements that were only previously available through a ministerial exemption. While successive governments have supported the exemption, it is not desirable that the industry rely on a discretionary and disallowable instrument.

TTF particularly supports the government's proposals to:

- Move to a simplified permit system for coastal shipping.
- Allow international cruise ships that operate in Australian waters for less than 183 days to operate on a more competitive regime for labour costs, consistent with international maritime standards. This will see Australia become a significantly more attractive destination for smaller cruise ship companies.
- Ensure that coastal shipping permits will protect vessels from importation under the Customs Act 1901.
- Remove the inherent uncertainty cruise ship companies face in relying on exemptions issued at the discretion of the minister.

Overall, the impact of the legislation on future investment and growth in cruise shipping is exceptionally positive.

TTF does however believe that further improvements can be made to the legislation.

Cruise shipping companies plan and sell itineraries two to three years in advance of their journeys. Companies therefore need considerable certainty for their operations in destination cities. An annual permit for cruise ship companies does not provide an optimal level of certainty. TTF believes that the legislation should provide for permits available for at least two years or a rolling permit system for ships primarily engaging in the movement of passengers.

Similarly, it is not immediately apparent in the bill how far in advance of operation a ship owner may apply for a permit. For cruise shipping companies, it is vital that they are able to secure permits before they finalise and sell journeys in Australian waters. TTF is seeking clarification that a cruise ship company could apply for a permit two or three years in advance of the commencement of that permit.

TTF is also concerned that international cruise ships visiting Australia as part of world itineraries may be required to obtain a permit if they collect or disembark passengers in Australia. Generally the number of passengers who join or leave ships in these circumstances is very small and it would provide a regulatory burden for cruise ship companies if they were required to obtain a permit. We

therefore suggest that the bill be amended to exclude cruise ships undertaking international journeys that board or disembark small numbers of passengers below a set threshold.

I have attached a copy of TT's submission to the review of coastal shipping regulation undertaken by the government in 2014. While this submission is framed in the context of the options paper released by the government, it provides details of the importance of the cruise shipping sector and, more particularly, the problems that are faced by cruise ships that are not currently subject to the ministerial exemption.

I would be happy to assist the committee further with its deliberations on this important bill.

Yours sincerely



Mirry Osmond  
CHIEF EXECUTIVE OFFICER