

1 November 2024

Independent Review Coastal Trading (Revitalising Australian Shipping) Act

C/O The Department of Infrastructure, Transport, Regional Development, Communications and the Arts

Dear Ms Briggs and Professor Gaskell:

The Business Council of Australia includes members of some 130 of the largest businesses in Australia. Our membership ranges across the economy, from retail to mining and resource extraction, freight to agriculture.

Our 2022 submission to the Strategic Fleet Taskforce raised our concern that the process would be used to propose further restrictions on the coastal shipping market on the basis that it was needed to support a strategic fleet. The fact that the current Coastal Trading Act is not achieving its intended purpose should give the Government serious pause in proceeding down a path that would double-down on cabotage restrictions.

Australia, as an island nation, is reliant on maritime trade for the movement of goods and materials. Additional restrictions that diminish competition in coastal shipping will result in higher costs for businesses and consumers.

The BCA does not support retrograde changes to the Act that would add further restrictions to the coastal shipping market. The review must be cognisant of the counterproductive economic implications of a restrictive cabotage regime on Australian industry that utilise these services. The economically efficient movement of product around the nation, and the competitiveness of broader Australian industry, should be a central consideration for the review.

This concern reflects the work of the Productivity Commission as recently as 2022, which expressed the need to reform the Coastal Trading Act to reduce the burden on business. The Commission pointed to the need to allow greater competition, in an effort to provide more cost-effective shipping services for Australian users. The Commission specifically proposed that “[t]he temporary licence system should be streamlined and general licence holders’ ability to contest approval of temporary licences should be limited”¹.

It would be counterproductive to implement further restrictions that impinge on the competitiveness of Australian businesses, in the pursuit of supporting a single industry that is not globally competitive or efficient.

To this end, the BCA recommends:

- That the objectives of the Act reflects the need to facilitate efficient and competitive shipping options for businesses in Australia.

¹ Productivity Commission, “Lifting productivity at Australia’s container ports: between water, wharf and warehouse”, 21 December 2022

- That the scope of the Act is not further broadened. For example, the definition of coastal shipping should not be broadened to include intrastate shipping, or to include voyages originating from international ports.
- There should not be new requirements to transition from usage of a temporary licence to a general licence due to the regular use of coastal shipping services. This would be a blunt tool that does not consider utilisation and economic impacts of such a requirement.
- There should be a focus on simplifying processes and reducing cost and regulatory burden in respect to applications for temporary licences, in line with the Productivity Commission's recommendation.

Ultimately, the review should consider how to better deliver flexibility and efficiency for Australian industry reliant on coastal shipping. This means focusing on how to improve processes and reduce costs for Australian businesses that use coastal shipping. This will in turn strengthen Australian industry and improve job creation opportunities.

Yours sincerely

