

1 November 2024

Attention: Co-Chairs  
Ms Lynelle Briggs and Professor Nicholas Gaskell  
Via email: [strategicfleet@infrastructure.gov.au](mailto:strategicfleet@infrastructure.gov.au)

Dear Ms Briggs and Professor Gaskell

**RE: South Australian Tourism Commission response to the Independent review of the Coastal Trading (Revitalising Australian Shipping) Act 2012**

The South Australian Tourism Commission (SATC) welcomes the opportunity to provide feedback into phase 1 of the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (the Act). The SATC interest is with regards to the passenger vessel element of the Act, specifically cruise ships.

Over the past decade, the cruise industry has been the fastest growing visitor economy sector in Australia and in South Australia, contributing significantly to the state's economy. During the most recent 2023-24 season, South Australia's cruise industry has delivered record-breaking economic impact of \$227 million into the South Australian economy and supporting 738 local jobs.

While South Australia, and Australia more broadly, have benefited from steady cruise ship visits, the sector still has growth potential as we are starting to see future seasons numbers be affected negatively by a range of different factors including a lack of certainty around cruise related policy and regulatory complexities.

One way in addressing this is through this review process, giving consideration to the relevance of cruise and passenger vessels covered within this legislation, acknowledging the evolution of this sector since 2012.

The current coastal trading regulatory framework is not fit for purpose when it comes to optimising the cruise industry for Australia, and more so facilitating dispersal to southern ports such as South Australia.

The SATC is of the view that there is benefit in considering the separation of cruise and passenger related regulation from the current Act, or an explicit clarification within the existing Act needs to occur to provide clarity and accommodate the nuances of the cruise sector from both a domestic and foreign vessel perspective.

Cruise lines plan and sell itineraries two to three years in advance of their sailing dates. Cruise operators therefore need operational certainty during the deployment planning phase that they will be able to operate in destinations. Without the certainty of the exemption, cruise lines plan future itineraries in Australia in good faith that the exemption will be renewed.



The Act's regulations impose limitations on foreign-flagged vessels, leading to barriers for cruise liners looking to navigate specifically within South Australia's coastal waters. These include administrative complexities and lack of focus on passenger movement. This restriction significantly limits itinerary options and reduces the attractiveness of our region as a cruise destination.

Cabotage and competition is also an important consideration. Current cabotage regulations restrict the movement of foreign-flagged vessels between Australian ports. While this is important for protecting the Australian shipping industry and strategic fleet, it limits the potential of cruise lines to be able to offer domestic itineraries.

South Australia faces several disadvantages in the context of Australia's coastal trading regulatory framework and cabotage laws, especially when compared to other states, with implications for both the cruise and tourism industries.

In part it is because of South Australia's geographical location, but also being a smaller cruise market compared to Queensland and New South Wales, is less attractive to cruise operators under the current regulatory framework. This restricts the ability to develop regional itineraries linking ports such as Port Lincoln, Kangaroo Island, and other coastal destinations within the state.

The SATC proposes amending the regulations to relax cabotage restrictions for cruise ships, particularly for foreign-flagged vessels. This would enable cruise lines to include multiple Australian ports in their itineraries without needing to apply for a temporary licence each time. By allowing foreign vessels to run domestic cruises, Australia could increase domestic tourism, boosting spending in regional and coastal areas.

While our submission focuses on advocating for a more equitable environment for South Australia, we know that by providing the industry with certainty on its ability to offer more domestic itineraries will lead to increased opportunities for local suppliers and primary producers to supply the ships. This is supported by the already significant spend in Australia by large cruise ships on provisions such as Australian seafood, meat, fruit and vegetables, and wine and other beverages, as well as wide range of other businesses such as maritime suppliers.

The cruise industry is highly competitive on a global scale. Cruise lines have the flexibility to move vessels between different regions worldwide, and over-regulation of passenger services in coastal trading could discourage international cruise lines from calling on Australian ports. By treating cruise ships separately, the regulatory environment can be tailored to ensure that Australia remains competitive as a cruise destination. This could involve balancing regulations with incentives for international operators, focusing on tourism promotion, and avoiding overly restrictive rules that make Australian ports less attractive compared to other global destinations.

As indicated above, passenger travel (specifically cruise ships and ferries) should be treated separately in the coastal trading legislation. The current definition of coastal trading under the Act, while functional for existing operations, does not appear sufficiently broad to





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accommodate the expected increase in shipping activity around Australia or the evolving needs of passenger travel.

Cruise ships and ferries primarily serve passengers rather than cargo, which means their business models, logistics, and operational needs differ significantly from cargo or bulk transport vessels. These industries rely heavily on customer experience, tourism flows, and seasonality, whereas cargo operators focus on efficiency, port turnaround times, and freight volumes. By separating the legislation, the framework can better account for the unique requirements of passenger travel, such as higher standards for safety, comfort, and service continuity, without imposing regulations designed for cargo shipping that may not fit well.

While we propose separate legislation, an alternative framework could look like a permit-based system or a relaxed cabotage framework with sector-specific exemptions might be the most suitable for Australia's coastal trading market.

These systems strike a balance between opening up the market for foreign-flagged cruise vessels and maintaining certain protections for domestic industries. Implementing a more cruise-friendly system would encourage greater competition and allow international operators to include more Australian destinations, including South Australia, without the burdens of the current regulatory framework.

As stated, our interest is with regards to the cruise sector and how it is treated within the current Act. The Ministerial exemption has been instrumental in facilitating the growth of cruising in this region, but the exemption is generally issued for between 1-5 years duration. Given that cruise lines plan and sell itineraries well in advance, it is important that operators have certainty. An ongoing exemption or temporary licence approval is at odds with the intent of how a temporary arrangement is intended to work, by definition. Hence, it is the SATC's view that improvements to the regulatory environment, either through the separation and new legislation or explicit clarification within the existing Act needs to occur.

We look forward to the opportunity to meet with you as part of your stakeholder meetings in November.

If you would like to discuss any matters in this submission in the meantime, please contact

[Redacted contact information]

Yours sincerely

[Redacted signature]

Chief Executive Officer

