

EXPLANATORY STATEMENT

Subject – *Coastal Trading (Revitalising Australian Shipping) Act 2012*
Section 11 exemption for voyages between Christmas Island and
Australian States and Territories

The *Coastal Trading (Revitalising Australian Shipping) Act 2012* (the CT (RAS) Act) regulates coastal trading by providing for licences to be granted to authorise vessels to engage in coastal trading, as defined in section 7 of the CT (RAS) Act. A vessel is engaged in coastal trading if the vessel, for or in connection with a commercial activity, takes on board passengers or cargo and carries the passengers or cargo:

- From a port in a State or Territory to another port in another State or Territory;
- From a port in a State or Territory to another port in the same State or Territory and continues to carry the passengers or cargo to a port in another State or Territory;
- From a port in a State or Territory to another port in the same State or Territory (an intra-state voyage) and the vessel is declared by the Minister under section 12 to be subject to the requirements of the CT (RAS) Act.

Using a vessel to engage in coastal trading without a licence may lead to a pecuniary penalty for the contravention of a civil penalty provision.

Section 11 of the CT (RAS) Act allows the Minister to direct that the CT (RAS) Act does not apply to a vessel or class of vessels; or to a person or class of persons. An exemption under section 11 may be confined to one or more specific periods or voyages. The CT (RAS) Act provides that the Minister's direction to exempt is a legislative instrument.

The legislative instrument directs that the CT (RAS) Act does not apply to vessels undertaking any voyage for the carriage of cargo or passengers between Christmas Island and any port in the Commonwealth or in the Territories, but not including any voyage in the course of which a vessel takes on cargo or passengers from any port in the Commonwealth or in the Territories other than a port in Christmas Island for unloading or disembarking at another such port.

This exemption continues a longstanding exemption provided under subsection 421(1) of the *Navigation Act 1912* (the Navigation Act). The exemption remains unchanged from that provided under the Navigation Act. The exemption has been in place since 1998 to allow Christmas Island to access shipping services at competitive freight rates, and to remove an anomaly whereby Christmas Island was the only Commonwealth island territory without an exemption.

The exemption is a legislative instrument for the purposes of the *Legislative Instruments Act 2003*.

Consultation external to the Australian Government is unnecessary as the exemption is of a minor or machinery nature and does not alter existing arrangements.

The exemption commences on 8 April 2013 and remains in force until 7 April 2018.

Authority: Section 11 of the *Coastal Trading (Revitalising Australian Shipping) Act 2012*

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