



Australian Government

Department of the Prime Minister and Cabinet

Office of Best Practice Regulation

Reference: 17128

Telephone: 6271 6270

e-mail: helpdesk-obpr@pmc.gov.au

Ms Judith Zielke
A/g Deputy Secretary
Department of Infrastructure and Regional Development

Dear Ms Zielke

Regulation Impact Statement – Final Assessment Second Pass

Thank you for forwarding the Regulation Impact Statement (RIS) on coastal shipping reform for the second pass final assessment on 19 June 2015. I note that you have formally certified the RIS as required by the best practice regulation requirements.

The Office of Best Practice Regulation's (OBPR) final assessment is that the Department of Infrastructure and Regional Development is compliant with the Government's RIS requirements and the RIS is consistent with best practice. This assessment is based on:

- The Department having twice submitted the certified RIS for the OBPR's assessment prior to a decision being taken;
- your letter of 19 June 2015 certifying the RIS responds to the OBPR's first pass comments;
- the regulatory costs having been agreed with the OBPR; and
- the RIS does not contain obvious errors.

The OBPR notes that the RIS examines the current barriers to foreign vessels and crews moving goods between Australian sea ports, such as licensing which favours Australian shipping providers. In particular, the RIS identifies the higher cost of Australian shipping providers relative to those internationally, which imposes higher costs on those seeking to trade goods between Australian sea ports. To address this the RIS examined a number of deregulatory options.

The OBPR notes the RIS concludes that the option of replacing the licensing arrangements with a new permit system, with added protections for Australian and foreign crew, is the preferred option. This option has an estimated net economic benefit of \$667.4 million with a reduction in annual regulatory burden using the Regulatory Burden Measurement framework of \$21.4 million per annum.

The option of removing most barriers to foreign shipping has a slightly higher net economic benefit of \$786.2 million; however it is not preferred because of the lack of minimum

protections for foreign and Australian crew members, which was considered to be a fundamental parameter for reforming coastal shipping.

Publication requirements

The OBPR maintains a RIS website and the Government requires that RISs be posted within five business days of a regulatory decision being publicly announced. We would appreciate you advising us when a decision on this proposal is announced, and forwarding a final copy of the RIS in Microsoft Word .doc format in a form meeting the Australian Government's Web Content Accessibility Guidelines. We suggest liaising with your web services team to ensure these guidelines are met. The website provides a public comment facility on RISs posted on the site. The OBPR moderates this facility for offensive content but does not moderate debate.

Please retain this letter as a record of the OBPR's advice. Our reference number for this issue is 17128. If you have any further queries, please do not hesitate to contact me.

Yours sincerely



Jason McNamara
Executive Director
Office of Best Practice Regulation

23 June 2015