C Coastal trading regulation

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| --- |
| Key points |
| * Recent changes to Australian coastal trading regulation have been: in 2009, changes to workplace relations, combined with awards modernisation processes in 2011, resulted in Australian wage rates extended to workers on foreign flagged vessels inside Australia’s Exclusive Economic Zone; in 2012, hiring, licensing, and vessel registration requirements changed, and tax concessions applied to investments and operations by certain Australian ship operators. * The cumulative effects of the changes has been: to increase the costs of providing domestic coastal trading services; deter international vessels from engaging in Australia’s coastal trade and direct international services that rely on coastal trade volumes for commercial viability; and reduce the level of competition in Australia’s coastal trading network. * These changes are likely to have a substantial long term impact on Australia’s shipping industry, and those Australian businesses that rely on shipping services to transport their goods to market. * Tasmania, as an island state, is particularly vulnerable to regulations which reduce engagement in coastal trading. Many participants to this inquiry have stated that shipping costs have risen over the past few years, and that the increased costs are attributable to the 2009 and 2012 regulatory changes. * Foreign flagged vessels are likely to be deterred from engaging in coastal trading in Australia for two reasons: * vessel owners are required to pay Australian wages for their third and subsequent voyages in a 12 month period, increasing the costs of calling at Australian ports * owners of foreign flagged vessels that engage in triangular trades encompassing two Australian ports have to apply for a temporary licence, nominating five voyages in advance. The foreign flagged vessel owner must negotiate with interested Australian registered vessels, whereby the application could be refused on the grounds that an Australian ship is available to provide the service. However, the Commission acknowledges that this process largely existed under the previous regulatory framework. * To the extent that the changes have decreased the viability of foreign flagged vessels calling at Australian ports, the level of competition in coastal trading has reduced. * Removing the regulations will be of some direct and indirect benefit to Tasmania. However, removing them will not fully ameliorate the relatively high costs of shipping across Bass Strait. |
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## C.1 Introduction

Coastal shipping can be broadly defined as the carriage of cargo or passengers from a port in a state/territory to a port in another state/territory via water. Whilst common for a vessel to undertake intrastate and/or international legs along with an interstate leg during any single voyage, international legs are not coastal trading. Intrastate travel is not necessarily coastal trading, Australian operators engaging in intrastate trade may opt in to the legislative framework depending on their individual business needs. This appendix outlines some of the recent legislative changes affecting Australia’s coastal trade, and the impact of those changes on Tasmania.

Section C.2 covers the 2009 amendments to the Fair Work Regulations 2009 (Cwlth), and the award modernisation process under the *Fair Work Act 2009* (Cwlth), whereby foreign flagged vessels which engage in Australian coastal trading are obliged to pay Australian seafaring wages to their workers (on the third and any subsequent voyages).

Sections C.3 to C.5 discuss the coastal trading changes introduced in 2012. The three main ‘reforms’ were to: vessel registration requirements; licensing vessels to engage in coastal trading; and a range of tax concessions for Australian flagged vessels and ship operators.

Section C.6 outlines the likely impacts of the recent reforms on coastal trading in Tasmania.

## C.2 Amendments to workplace relations legislation

Prior to 1 January 2010, unlicensed (permit) vessels were not engaging in ‘coastal trading’ (see section C.4) and, therefore, these vessels were permitted to pay the International Transport Workers’ Federation (ITF) prevailing wage rate.[[1]](#footnote-1)

From 1 January 2010, amendments to the Fair Work Regulations 2009 (Cwlth) extended the application of the *Fair Work Act 2009* (Cwlth) to all workers engaged in coastal trading. From 1 January 2011, vessels that were licensed or under permit (see section C.4), as well as majority Australian‑crewed vessels, were required to pay prescribed wage rates.

Following a process of award modernisation, the Maritime Industry Seagoing Award 1999 was replaced by the Seagoing Industry Award (SIA). On 1 January 2010, SIA Part A applied to vessels covered by the *Fair Work Act 2009* (Cwlth), except unlicensed (permit) vessels. From 1 January 2011, SIA Part B applied to unlicensed vessels, and required employers of workers on those vessels to provide their workers with certain minimum Australian conditions of employment such as specified wage rates, hours of work, and allowances.

Table C.1 illustrates the changes in the prevailing wage rates for different vessel licences before and after the amendments.

Table C.1 Workplace relations amendments to prevailing wages in the seagoing industry

|  |  |  |  |
| --- | --- | --- | --- |
| Vessel ownership | License type | Previous wage rate determined by: | Current wage rate determined by:a |
| Australian‑owned vessel | Licensed | MISA 1999 | SIA 2010 Part A, plus EBA negotiated additions |
| Unlicensed (permit) | ITF market rate | SIA 2010 Part B |
|  |  |  |  |
| Foreign flagged vessel | Licensed | MISA 1999 | SIA 2010 Part A, plus EBA negotiated additions |
| Unlicensed (permit) | ITF market rate | SIA 2010 Part B |

a The SIA applied to licensed vessels from 1 January 2010, and to unlicensed vessels from 1 January 2011. EBA = Enterprise Bargaining Agreement. ITF = International Transport Workers’ Federation. MISA = Maritime Industry Seagoing Award 1999. SIA = Seagoing Industry Award 2010.

*Sources*: Australian Industrial Relations Commission (1999); Fair Work Commission (2010).

According to Deloitte (2012), the SIA Part B wages were around twice the amount of the ITF market rates that prevailed previously. The Australian Shipowners Association (sub. DR87) stated that there are many ITF rates and that it is difficult to generalise what the ‘true’ differential between ITF market rates and SIA Part B would be, but acknowledged that wages would be higher, particularly for seafarers at lower ranks. Labour costs account for around 10–15 per cent of total voyage costs (chapter 4), and a significant increase in labour costs will adversely affect the profitability of some foreign flagged vessels engaging in coastal trading in Australia, and those engaging in international services augmented with coastal trading volumes.

The amendments require that any vessels entering Australia’s Exclusive Economic Zone — which are majority Australian‑crewed — pay their workers SIA Part A wages. This requires foreign flagged vessels (which are majority Australian‑crewed) operating on international routes to/from Australia to pay SIA Part A wages. Prior to the changes, these vessels would have paid their workers ITF market rates. The Commission estimates that solely based on the leave accrual provisions, the labour costs associated with remunerating workers at the SIA Part A rate is more than 80 per cent above the SIA Part B rate. The Commission has not analysed other provisions that exist in SIA Part A which do not exist in SIA Part B such as allowances for: handling and securing cargo; disturbances of sleep; study; living away from home; and meals and accommodation. The total labour costs of remunerating a worker under SIA Part A could potentially be twice as much as for SIA Part B.

## C.3 Coastal trading reforms: vessel registration

Prior to 2012, coastal trading was regulated by Part VI of the *Navigation Act 1912* (Cwlth). The *Coastal Trading (Revitalising Australian Shipping) Act 2012* (Cwlth) (‘the Coastal Trading Act’) and consequential amendments Act[[2]](#footnote-2) established the new regulatory framework on 1 July 2012.

The object of the Act is to provide a regulatory framework for coastal trading in Australia that:

1. promotes a viable shipping industry that contributes to the broader Australian economy
2. facilitates the long term growth of the Australian shipping industry
3. enhances the efficiency and reliability of Australian shipping as part of the national transport system
4. maximises the use of vessels registered in the Australian General Shipping Register in coastal trading
5. promotes competition in coastal trading
6. ensures efficient movement of passengers and cargo between Australian ports. (Coastal Trading Act s. 3)

The new regulatory framework introduced three main changes. The changes affected vessel registration requirements (see below); licensing requirements to engage in coastal trading (section C.4); and certain tax concessions for vessels and ship operators (section C.5).

### Vessel registration

Vessel registration is fundamental to coastal shipping as the flag flown by a vessel determines the license types the vessel can operate under as established by the Coastal Trading Act. It is a requirement that every Australian‑owned commercial vessel (with some exceptions — see below) be registered.

At a high level, there are two sets of registers: national registers, and international or open registers. National registers enable domestically‑owned vessels to register so they can engage in coastal trading within their territorial waters. Depending on how registers are established under domestic law, international registers may allow domestically‑owned vessels to engage in both coastal and international trade in connection with the flag state. Similarly, open registers allow foreign‑owned vessels to engage in both coastal and international trade in connection with the flag state, but generally have less restrictive entry requirements. Access to coastal trade in other states is subject to the domestic legislation of the coastal state. It is important to note that there are no ‘standard’ definitions for national, international, or open registers, and as such, the terms are descriptive only.

#### Existing registration requirements in place prior to the 2012 changes

Prior to the shipping ‘reform’ package, ships were registered on the Australian register of ships under the *Shipping Registration Act 1981* (Cwlth). It was a requirement that every Australian‑owned ship over 24 metres in tonnage length (excluding Government ships, fishing vessels and pleasure craft) be registered.

Foreign owned ships were not permitted to be registered on the Australian register of ships.

Under the *Navigation Act 1912* (Cwlth) (which was the relevant Act prior to the 2012 changes), whether a ship was registered in the Australian register of ships had little bearing on its ability — or licensing conditions — to engage in coastal trading (see section C.4).

#### Additional registration requirements after the 2012 reforms

The *Shipping Registration Amendment (Australian International Shipping Register) Act 2012* (Cwlth) amended the *Shipping Registration Act 1981* (Cwlth) abolishing the Australian register of ships and creating two new registers:

* the Australian General Shipping Register (‘the general register’)
* the Australian International Shipping Register (‘the international register’).

The general register effectively replaced the Australian register of ships and has the same registration requirements as applied under the *Shipping Registration Act 1981* (Cwlth) prior to the commencement of the changes. One important point to note is that only ships registered on the general register are permitted to apply for general licences to engage in coastal trading (see section C.4).

The international register is a new register, and as stated in the Explanatory Memorandum:

International registers have been established by a number of traditional maritime countries to offer their ship owners an alternative to registering under open registers. International registers offer some of the advantages of open registers, such as the ability to use crew of different nationalities, while maintaining the link between ownership/management of the vessels and the national flag. Maintaining this link ensures that the maritime safety regulator and other regulators of the ‘flag state’ continue to have control of safety and environmental standards, enforcement and compliance, and other matters which underpin the reputation of the national ‘flag’. (Albanese 2012b, p. 2)

Ships that are permitted to be registered in the international register must be at least 24 metres in tonnage length, and be:

1. trading ships that are Australian‑owned ships;
2. trading ships that are wholly owned by Australian residents, or by Australian residents and Australian nationals;[[3]](#footnote-3)
3. trading ships that are operated solely by Australian residents, or by Australian nationals, or by both;
4. trading ships that are on a demise charter[[4]](#footnote-4) to Australian‑based operators. (s. 15B)

A prerequisite for registering on the international register is that a collective agreement must exist between the ship owner and the seafarers’ bargaining unit (that is, the relevant seafarer employee organisation).

The registrar must refuse to register the ship if the registrar is satisfied that ‘the ship will not be predominantly used to engage in international trading’: s. 15F(3)(a). This ensures that those ships registered on the international register predominantly engage in international trade, potentially restricting the level of competition between those ships and those on the general register. Ships registered on the international register are not permitted to apply for a general licence to engage in coastal trading (see section C.4).

It is a condition of registration of a ship on the international register that, where possible, the following positions be filled with Australian nationals or Australian residents (and therefore paid Australian wage rates):

* master or chief mate
* chief engineer or first engineer.

The ship can be cancelled from the international register under a range of circumstances, including that the ship has not been or will not be predominantly engaging in international trading, or that a collective agreement is not in force.

## C.4 Coastal trading reforms: licensing requirements

Until the regulation changes commenced in 2012, coastal trading was regulated by Part VI of the *Navigation Act 1912* (Cwlth). Under that Act, coastal trading was governed by a licencing and permit regime covering both Australian and foreign flagged ships. After the reforms commenced, the licencing regime was amended to include additional classes of licences, which had differing regulatory obligations on ship owners depending on whether the vessel was Australian registered, registered on the Australian international register, or a foreign flagged vessel.

### Coastal trading under the Navigation Act

The previous licencing and permit regime under the *Navigation Act 1912* (Cwlth) is depicted in figure C.1. In order for ships to be licensed under the Act, the owner was required to make an application to the Minister to engage in the ‘coasting trade’ (as it is referred to in that Act). There were no ownership restrictions on which ship owners may apply to be licenced to engage in the coasting trade. That is to say, both Australian and foreign flagged ships could apply to become a licenced ship. The major licence condition placed on ships when engaging in the coasting trade was that they must pay the seamen employed the prevailing Australian wage rate. It was not a licence condition that such seaman be Australian citizens.

A ship could alternatively apply for a permit as an unlicensed ship. There were two types of permit: single voyage permit (SVP) and continuing voyage permit (CVP). In order to issue a permit, the Minister must have been satisfied that there was a market gap, either because there was no licensed ship available for the service, or because the current level of service by licensed ships did not meet the needs of the port(s). The Minister was also required to consider whether it was in the public interest that unlicensed ships be allowed to engage in the trade. If either a SVP or a CVP were issued, the ship was not considered to be engaging in the coasting trade.

Figure C.1 The previous process for licensed ships to engage in the coasting trade and the process for unlicensed ships

Under the repealed Part VI of the *Navigation Act 1912* (Cwlth)

|  |
| --- |
| The figure shows a flow diagram of the procedures involved in applying for, and having granted, a l license to engage in coastal trading under the Navigation Act.  The figure also shows a flow diagram of the procedures involved in applying for, and having granted, a permit under the Navigation Act. |

Under the Navigation Act there was no requirement to pay the seamen employed on these voyages Australian wage rates. However, following the commencement of amendments to the Fair Work Regulations on 1 January 2010 and the commencement of SIA Part B on 1 January 2011, there has been an obligation to pay these seafarers Australian wages (see section C.2).

While a CVP was in force, the Minister was permitted to decide that it was no longer in the public interest that such trade be undertaken and could issue the ship owner a show cause notice as to why their permit should not be cancelled. The Minister was then required, after allowing the ship owner to make representations, to decide whether it was in the public interest for that permit to remain.

The obligations on licensed and unlicensed ship owners are described in table C.2.

Table C.2 Eligibility and conditions imposed on licensed and unlicensed ships under the *Navigation Act 1912* (Cwlth)

Australian or foreign flagged ships, pre and post 1 January 2011

|  |  |  |
| --- | --- | --- |
| Subject matter | Australian ship | Foreign flagged ship |
| **Eligibility to apply for:** | | |
| * licence | ✓ | ✓ |
| * single voyage permit | ✓ | ✓ |
| * continuing voyage permit | ✓ | ✓ |
| **Is the ship engaging in the coasting trade?** | | |
| * licence | ✓ | ✓ |
| * single voyage permit | 🗶 | 🗶 |
| * continuing voyage permit | 🗶 | 🗶 |
| **Conditions imposed on:** | | |
| * licence | seamen employed on the ship shall be paid Australian wages | seamen employed on the ship shall be paid Australian wages |
| * single voyage permit (prior to 1 January 2011) | no conditions, unless Minister prescribes conditions | no conditions, unless Minister prescribes conditions |
| * continuing voyage permit (prior to 1 January 2011) | no conditions, unless Minister prescribes conditions | no conditions, unless Minister prescribes conditions |
| * single voyage permit (after 1 January 2011) | seamen employed on the ship shall be paid Australian wages | seamen employed on the ship shall be paid Australian wages |
| * continuing voyage permit (after 1 January 2011) | seamen employed on the ship shall be paid Australian wages | seamen employed on the ship shall be paid Australian wages |

### Recent changes in coastal trading

In 2012, the Australian Government introduced a range of measures that sought to ‘create a stable regulatory environment and provide internationally competitive fiscal incentives to encourage the revitalisation of the Australian shipping industry’ (Albanese 2012a).

The two Coastal Trading Acts replaced Part VI of the *Navigation Act 1912* (Cwlth), creating a new licensing regime for vessels to engage in coastal trading. The Shipping Registration Amendment Act removed the pre‑existing Australian register of ships, creating a general register and an international register (section C.3).

The effect of the Coastal Trading Acts is to replace the previous licensing and permit regime with a system of:

* general licences
* temporary licences
* transitional general licences
* emergency licences.

Emergency licences are only available in the event of natural disasters and are not discussed.

#### General licences

The process for general licences is depicted in figure C.2. The prerequisites for a general licence are that the vessel is registered in the Australian general register (see section C.3), and that each seafarer working on the vessel (when engaged in coastal trading) is permitted to work in Australia. In effect, this licence is the same as a licence issued under the previous regime of the *Navigation Act 1912* (Cwlth).

General licences are granted to vessel owners for a period not exceeding five years. During the time that the licence is valid, the vessel has unrestricted access to Australian coastal waters, although there is no requirement that the vessel undertake any voyages. In practical terms, because licences can only be issued for a maximum of five years, shipping operators and the users of shipping services can only enter into contracts for the period that the general licence is in force.

Conditions placed on all general licences are that the vessel must remain registered in the general register, and that the seafarers employed during the times when the vessel is engaged in coastal trading must be permitted to work in Australia.

Figure C.2 The general licensing process for vessels registered in the general register to engage in coastal trading

Under the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (Cwlth)

|  |
| --- |
| The figure shows a flow diagram of the procedures involved in applying for, and having granted, a general license to engage in coastal trading under the Coastal Trading Act. |

#### Temporary licences

The process involved in applying for, and the granting of, a temporary licence is shown in figure C.3.

Figure C.3 The temporary licensing process for eligible vessels to engage in coastal trading

Under the *Coastal Trading (Revitalising Australian Shipping) Act 2012* (Cwlth)

|  |
| --- |
| The figure illustrates the procedures involved in applying for, and having granted, a temporary license to engage in coastal trading under the Coastal Trading Act 2012. |

Vessels registered in the general register are not permitted to apply for temporary licences. The only eligible vessels are those that are registered in the international register and foreign flagged vessels.

A temporary licence is valid for 12 months. When applying for a temporary licence, the applicant must nominate at least five voyages to be authorised by the licence and information such as the expected loading dates, the number of passengers or volume of cargo to be carried and the ports at which the passengers or cargo are to be loaded and unloaded.

After receiving an application for a temporary licence the Minister must notify all general and transitional general licence holders of the application, as well as bodies or organisations that the Minister considers would be directly affected, or whose members would be directly affected if the application were granted.

General licence and transitional general licence holders are then given an opportunity to nominate one or more voyages that they could undertake under their general licence, and notify the Minister. If a general licence holder does nominate any voyage(s), the temporary licence applicant must negotiate with the general licence holder ‘whether, and to what extent, the vessel authorised by the holder’s general licence is equipped to carry the passengers or cargo specified in the application’: s. 32(3)(a), and whether they can be carried in a timely manner. The Minister then makes a decision to grant or refuse the temporary licence application, having regard to the matters set out in s. 32(2)(a)‑(g).

If the application is granted, conditions imposed on temporary licences are that the vessel be registered in the international register or be foreign flagged and that if any authorised voyage is not to be undertaken to inform the Department of Infrastructure and Regional Development. Temporary licences can be varied (eg where the number of passengers or cargo to be carried changes) or can be changed to include new matters (eg a further voyage). In both instances, general licence holders and bodies or organisations that would be directly affected by such changes are invited to make comments to the Minister, to assist the Minister in forming a decision as to whether the change should be permitted.

Similar to the previous legislative arrangements, a licence may be cancelled for certain reasons. During the temporary licence period, the Minister may issue a show cause notice to the temporary licence holder if the Minister considers that ‘the temporary licence is being used in a way that circumvents the purpose of the general licence provisions or the object of this Act’: s. 63(1).

#### Transitional general licences

Under the *Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Act 2012* (Cwlth), transitional general licences were created to transition foreign flagged vessels which were granted a licence under s. 288 of the *Navigation Act 1912* (Cwlth), immediately prior to its repeal. This was to ensure that there was a smooth transition to the new licensing scheme introduced by the shipping changes. In effect, transitional general licences guaranteed that foreign flagged vessels which were licensed would still be able to engage in coastal trading in an unrestricted manner. However, under the new regime, when foreign flagged vessels engage in coastal trading they are required to employ seafarers that are permitted to work in Australia and pay wages determined by the Minister for Infrastructure and Regional Development.

In deciding whether to grant a transitional general licence, the Minister may have regard to ‘whether the owner intends to register [the vessel] under the *Shipping Registration Act 1981*, but is unable to do so immediately because of commercial obligations or requirements under a foreign law’.[[5]](#footnote-5)

Transitional general licences have the same rights and conditions as those imposed on general licences (apart from the requirement to be registered in the general register). Transitional general licences are valid for no more than five years and can only be renewed once. In practice, vessel owners which currently have transitional general licences have a maximum 10 year period where they can engage in coastal trading, whilst being obliged to employ seafarers permitted to work in Australia. At the expiration of the transitional general licence (assuming the foreign flagged vessel owner wishes to continue engaging in Australia’s coastal trading), they will have to either:

* transfer to a general licence — thus become an Australian vessel, hiring Australian workers and continue to pay SIA Part A wages, having unfettered access to the Australian coastal trades; or
* apply for a temporary licence and remain foreign flagged — the owner can maintain its foreign crew, but is required to pay SIA Part B wages for the third and subsequent voyages in a 12 month period; and is required to negotiate with interested general or transitional general licensed vessels to undertake its nominated voyages in circumstances where the general licence holder informs the Department of Infrastructure and Regional Development that it has a suitable vessel available to conduct a particular voyage or voyages on a licence application; or
* apply for a temporary licence and be registered on the international register — the owner has to, where possible, hire Australians as the master or chief mate, and chief or first engineer, and remunerate all seafarers in accordance with Minister’s determined wages[[6]](#footnote-6); and spend the majority of its time engaged in international trade.

## C.5 Coastal trading changes: tax concessions

In addition to the measures previously discussed, the coastal trading changes introduced two tax Acts[[7]](#footnote-7) to provide a framework for:

1. encouraging investment in the Australian shipping industry; and
2. encouraging the development of sustainable employment and skills opportunities for Australian seafarers (Tax Incentives Act s. 3).

Briefly, the effects of the changes are to:

* exempt eligible ship operators from income tax on qualifying shipping activities
* depreciate eligible vessels over a shorter effective life than would ordinarily have prevailed
* defer by 24 months any income tax liability arising from the disposal of an eligible vessel that would otherwise be assessable in the current income year
* permit eligible companies to claim a refundable tax offset for employment of Australian resident seafarers, under certain circumstances
* exempt lease payments made by Australian companies to foreign owners of qualifying vessels from royalty withholding tax.

It was stated in the Explanatory Memorandum that the proposed taxation ‘reforms’ would cost the Australian Government nearly $50 million in foregone taxation revenue, in its first year of operation and would steadily increase (table C.3).

In order to be eligible to receive any of the tax concessions, certain criteria needed to be met (box C.1).

Table C.3 Financial impact as a result of the shipping taxation ‘reforms’

Over the forward estimates

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | 2012‑13 | 2013‑14 | 2014‑15 | 2015‑16 | Total impact |
| Financial impact ($m) | 49 | 66.8 | 68.7 | 70 | 254.5 |

*Source*: Swan (2012).

|  |
| --- |
| Box C.1 Criteria to satisfy in order to seek tax concessions |
| The *Shipping Reform (Tax Incentives) Act 2012* (Cwlth) provides a process to obtain a certificate as a first step towards accessing the tax concessions under the *Tax Laws Amendment (Shipping Reform) Act 2012* (Cwlth).  In order to access the accelerated depreciation, income tax exemption (ITE) or refundable tax offset, a company must demonstrate that it is a corporation under Australian law with an eligible vessel (that is, a vessel not excluded, of 500 gross tonnage or more and is registered on either the general or international register). Additional management and training requirements apply in order for the vessel to be eligible to receive the ITE.  Broadly, the process follows four steps:   1. in its first year, the applicant seeks a ‘notice’ establishing that it will likely meet the qualifying conditions 2. the Department of Infrastructure and Regional Development assesses the evidence and issues a notice if conditions are met 3. the applicant seeks and receives a ‘certificate’ at least 30 days prior to lodging their tax return 4. the certificate is required to be annually renewed, which involves reporting to the Department.   Certificates attach to only one vessel, so multiple certificates are required if the owner or operator has a fleet of vessels and wants each to be eligible for the tax concessions.  Once a notice has been issued by the Department, in the following income year the applicant can seek to have a certificate issued. The certificate sets out matters such as the days that the entity is a corporation, and the days that the vessel is an eligible vessel to receive the tax concessions.  If the certificate sets out management and training requirements, the certificate permits the applicant to apply for the ITE. Other certificates can be used to access either the accelerated depreciation or seafarer tax offset provisions.  Once a certificate is issued, if the certificate holder breaches a condition of the certificate (eg fails to provide the requisite number of management and/or training requirements for a prescribed number of seafarers), then the certificate holder can be excluded from reapplying for another certificate for up to 10 years. |
| *Source*: *Shipping Reform (Tax Incentives) Act 2012* (Cwlth). |
|  |
|  |

### Applicability of the tax concessions

Access to the tax concessions under the *Tax Laws Amendment (Shipping Reform) Act 2012* (Cwlth) vary depending on whether it is the vessel owner or vessel operator that applies for them.

#### Income tax exemption

The income tax exemption (ITE) applies to ‘qualifying shipping activities’, and as attributed to the Explanatory Memorandum:

A generous approach is taken to defining the activities that generate income eligible for the income tax exemption, ensuring that a substantial part of shipping activities are included. (Swan 2012, p. 10)

Shipping operators are eligible to claim the ITE for qualifying shipping activities they undertake. If the operator of the vessel is also the owner, then the operator cannot claim the ITE if the owner claims the accelerated depreciation for the vessel.[[8]](#footnote-8) Given that the three Bass Strait shipping companies (TT‑Line, Toll ANL and SeaRoad Holdings) are all Australian owned and operated, they each face a decision whether to apply for the ITE or to have accelerated depreciation for each vessel they own (assuming they wish to receive a tax benefit).

The estimated revenue cost of this tax measure has not been costed on a standalone basis, but the change somewhat amounts to a taxpayer subsidy to partially offset the impost of Australian wage rates for qualifying shipping operators under the regulatory changes.

#### Accelerated depreciation

Accelerated depreciation is available to owners of vessels for qualifying Australian shipping companies. The accelerated depreciation provision allows for a vessel to be fully depreciated over 10 years, which is a materially shorter life than previously applied (20–30 years).[[9]](#footnote-9) If an eligible owner elects to apply the income tax exemption to their vessel, then the previous depreciation rules apply to that vessel to the extent that that vessel generates any income for a taxable purpose.

#### Roll‑over relief

The roll‑over relief enables eligible Australian ship owners to be assessed for a ‘balancing adjustment’ (box C.2) in a later income year than would ordinarily apply. Previously, a balancing adjustment would need to be reflected in the ship owners’ income for the income year in which the adjustment occurred. The tax change allows this adjustment to be deferred until the second income year after which the balancing adjustment occurred.

|  |
| --- |
| Box C.2 Calculating a ‘balancing adjustment’ and roll‑over relief |
| Simply expressed, a balancing adjustment is the difference between the termination value of an asset and its adjustable value, where:   * the termination value is the sale price of the vessel * the adjustable value is the cost of the vessel, less its decline in value since the commencement of its use.   In the absence of any applicable balancing adjustment roll‑over relief, a balancing adjustment is accounted for in the taxpayer’s taxable income in the year of the event. Where the amount is positive it is assessable, and where the amount is negative, it is deductible.  The standard roll‑over relief provisions, as described above, are modified to enable an eligible vessel (‘the original vessel’) for which a balancing adjustment occurs, to apply the balancing adjustment to another vessel (‘the other vessel’), providing that ‘certificates’ (but not a shipping exempt income certificate — see box C.1) are issued to both vessels and cover the relevant day on which the balancing adjustment occurs.  Where circumstances giving rise to roll‑over relief apply, the cost of the other vessel is reduced (but not below zero) by the balancing adjustment amount. The roll‑over relief on the original vessel does not apply until the second income year after the balancing adjustment occurs.  Effectively this means shipping companies have up to three years within which they can dispose of the original vessel and attain the other vessel, as they must hold the other vessel for a minimum of two years in order to qualify for roll‑over relief. |
| *Source*: *Income Tax Assessment Act 1997* (Cwlth). |
|  |
|  |

#### Seafarer tax offset

The seafarer tax offset entitles a company to a tax offset for salary, wages and allowances paid to Australian resident seafarers who are employed to undertake overseas voyages on certified vessels, if the company employs the seafarer for at least 91 days in the income year.

The tax offset is available to the employer of the seafarer. The employer may not necessarily be the owner or the operator of the vessel, if a crew management company is engaged to hire workers who then complete the 91 days required. The seafarer must be employed by the one company for the entire 91 days. Although the days do not have to be consecutive, they must all occur within one income year.

A particular day qualifies towards the 91 days required if the seafarer is an Australian resident, employed in a specific capacity,[[10]](#footnote-10) on a vessel which has a valid certificate (see box C.1), and the voyage has at least one international leg, regardless of the number of domestic legs (if any) that the voyage may have.

The seafarer tax offset amounts to 30 per cent of the gross payment amounts that were paid to each employee that satisfied the 91 day employment requirement. The gross payment amounts includes total withholding payments covering matters such as those related to employment, accrual of leave, and training allowances.

#### Royalty withholding tax exemption

This tax change provides an exemption from royalty withholding tax to non‑resident lessors that lease qualifying vessels to Australian resident companies on a ‘bareboat basis’, where that vessel is then used to undertake qualifying activities during the period of the lease. Vessels leased on a bareboat basis are provided without a captain or crew, giving the lessee the freedom to choose their own captain and crew.

The royalty withholding tax exemption applies only if:

* the lessee is an Australian resident company
* the vessel is not an ‘excluded vessel’ under the *Shipping Reform (Tax Incentives) Act 2012* (Cwlth)
* the vessel is leased on a bareboat basis
* the vessel must be used for mainly business or commercial activities that involve shipping cargo or passengers for money.

Generally, the royalty withholding tax that prevailed prior to the changes was at the rate of 30 per cent, unless a tax treaty was in force between Australia and another country and the treaty specified a different rate.

## C.6 Likely impacts of recent changes

### Summary of changes

The 2009 and 2012 legislative changes have affected Australia’s coastal trading through material changes to the licence categories; application processes; and conditions attached to licences to engage in coastal trading (table C.4). Additionally, remuneration and hiring requirements have significantly changed.

Table C.4 Comparison of license categories and license conditions**a**

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Vessel registry | Navigation Act 1912 | | | | | | Coastal Trading Acts 2012b | | | |
| Prior to 1 January 2011 | | | After 1 January 2011 | | |
|  | Licensed | Unlicensed (permit) | | Licensed | Unlicensed  (permit) | | | General license | Temporary license | Transitional general license | |
|  |  | SVP | CVP |  | SVP | CVP | |  |  |  | |
| **Eligibility to apply for a licence:** | | | | | | | | | | |
| * general registerc | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | ✓ | 🗶 | 🗶 | |
| * international register | n/a | n/a | n/a | n/a | n/a | n/a | | 🗶 | ✓ | 🗶 | |
| * foreign flagged vessel | ✓ | ✓ | ✓ | ✓ | ✓ | ✓ | | 🗶 | ✓ | ✓ | |
| **Is the vessel engaging in coastal trade?** | | | | | | | | | | |
| * general register | ✓ | 🗶 | 🗶 | ✓ | 🗶 | 🗶 | | ✓ | n/a | n/a | |
| * international register | n/a | n/a | n/a | n/a | n/a | n/a | | n/a | ✓ | n/a | |
| * foreign flagged vessel | ✓ | 🗶 | 🗶 | ✓ | 🗶 | 🗶 | | n/a | ✓ | ✓ | |
| **Licence condition to pay Australian wages and/or to hire Australian workers:** | | | | | | | | | | |
| * general register | pay wages | 🗶 | 🗶 | pay wages | pay wages | pay wages | | hire workers and pay wages | n/a | n/a | |
| * international register | n/a | n/a | n/a | n/a | n/a | n/a | | n/a | hire workers and pay wagesd | n/a | |
| * foreign flagged vessel | pay wages | 🗶 | 🗶 | pay wages | pay wages | pay wages | | n/a | pay wages | hire workers and pay wages | |

a Under the *Navigation Act 1912* (Cwlth), *Coastal Trading (Revitalising Australian Shipping) Act 2012* (Cwlth) and *Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Act 2012* (Cwlth). b Emergency licenses excluded. c For the purposes of the table, it is assumed that the general register is the same as the Australian register of ships as was in force under the Navigation Act 1912. d Applies to the master or chief mate and to the chief engineer or first engineer of the vessel. SVP = single voyage permit. CVP = continuing voyage permit. n/a = not applicable.

As shown, regulatory requirements — particularly relating to the payment of wages — have increased as a result of the recent legislative changes. Prior to 1 January 2011, a permit vessel had no requirement to pay Australian wages to its crew. Once the changes to the Fair Work Regulations commenced on 1 January 2011 to permit vessels, vessel owners were required to pay Australian maritime (SIA 2010 Part B) wages. With the commencement of the coastal trading changes on 1 July 2012, vessel owners were additionally required to hire Australian workers when engaging in coastal trading.

Previously, Australian owned vessels could elect to have a general licence or a permit. Since the changes commenced, Australian owned vessels must obtain a general licence to engage in coastal trading, they are not eligible to apply for either a temporary licence or a transitional general licence. Further, it has the potential to allow Australian owned vessels which have a general licence to wait for internationally registered or foreign flagged vessels to make an application for a temporary licence, and then negotiate with the applicant to undertake those voyages (although there is no guarantee that negotiation would be successful or the voyages would be awarded to the Australian operator).

### Likely effects of the tax changes

The likely effects of the tax changes on freight rates are explained in table C.5. The net effect of the changes is unclear as it is conditional upon shipping operators passing through any expected benefits of the reforms onto users of shipping services. Additionally, the income tax exemption for operators and the accelerated depreciation for owners are not both available to the same company in respect of the same vessel, which complicates an assessment of overall impacts as they are conditional upon commercial decisions by shipping operators.

The Maritime Union of Australia submitted that the income tax exemption is not as generous as implied by the term ‘exemption’ as it does not extend to the distribution of profits via dividends to shareholders, thus lowering its overall benefit to shipping operators/owners (sub. 32). This view was shared by SeaRoad Holdings which characterised the tax concessions more akin to a tax deferral than an a tax exemption (sub. DR81).

Table C.5 Expected changes to freight rates from tax reforms

|  |  |
| --- | --- |
| Explanation of tax measure | If tax measure is passed through to users of shipping services:a |
| Income tax exemption (ITE) - Exempt ship owners from 30 per cent company tax on income from qualifying shipping activities | * As all Australian shipping operators previously paid company tax on all assessable income, this represents a windfall gain. The reduction in tax payable means that shipping operators can reduce their freight rates and still be in the same financial position as they were prior to the tax exemption. * Additional management and training requirements apply if the vessel is granted the ITE and it is unclear to what extent the required level of management and training was undertaken prior to the introduction of the changes, so it is unclear what the overall effect will be on freight rates. |
| Accelerated depreciation - Depreciate qualifying vessels after 10 yearsb | * The accelerated depreciation provision may provide an incentive to vessel owners to update to newer vessels at the cessation of the 10 year depreciation period. Compared to the previous effective vessel lives, this could result in investment decisions being brought forward, but it is unclear what the overall effect on freight rates will be, given that newer vessels are typically more expensive and have shorter operating lives (increasing freight rates), but this has to be balanced against the potential for newer vessels to be faster, have lower operating costs, and have larger carrying volumes and therefore possibly offer greater capacity on existing and new routes (and potentially decreasing freight rates). |
| Rollover relief - Additional 12 months before liability arises in relation to disposal of a vesselb | * Roll-over relief complements the accelerated depreciation provisions in that if a balancing adjustment (see box C.2) occurs in relation to the original vessel, then the new vessel’s cost is reduced by the amount of the balancing adjustment. This suggests that ship owners will first depreciate their vessels over the 10 year period and then roll-over any balancing adjustment to the new vessel. It is likely that this will incentivise ship owners to invest in new vessels every 10 years so that the roll-over of the balancing adjustment lowers the adjustable value of the new vessel. The overall effect on freight rates is unclear since newer vessels are typically more expensive and have shorter operating lives (increasing freight rates), but this has to be balanced against the potential for newer vessels to be faster, have lower operating costs, and have larger carrying volumes and therefore possibly offer greater capacity on existing and new routes (and potentially decreasing freight rates). |
| Refundable tax offset – Increases amount of deductions for vessels which hire Australian seafarers | * Since eligibility to receive the tax offset relates to at least one international leg, the vessel is not engaging in coastal trading. Therefore, it is likely that the tax offset will have little effect on coastal freight rates. |
| Foreign withholding tax exemption - Vessels leased to Australian operators are exempt from 30 per cent tax rates | * Should reduce leasing costs for international vessels leased to Australian operators on a bareboat basis, however it is unclear to what extent the previous withholding tax was passed through to Australian operators, particularly in light of the global excess supply of foreign vessels. * It is unclear to what extent foreign flagged vessels were leased to Australian operators prior to the commencement of the reforms, particularly on the Bass Strait route. * It is unclear whether the exemption from withholding tax is sufficient to induce vessels to be leased to Australian operators, given international tax regimes for shipping. |

a If the tax measures are fully appropriated by the shipping companies then there will be no benefits from the reforms for the users of shipping services. b Does not apply if the vessel owner has elected that the ITE applies to that vessel.

However, it is clear that the tax changes make investment decisions in new vessels relatively more attractive to shipping operators. All three Bass Strait shipping operators are currently considering new vessel investments, and the operators have indicated that the tax changes formed a material consideration in their investment decisions.

The likely effects of the tax changes are twofold:

1. existing eligible vessels registered in either the general or international register (see section C.3) will be able to access the tax incentives
2. foreign flagged vessels may be sufficiently incentivised to:
   1. register in either the general or international register as part of becoming eligible for the tax incentives
   2. lease their vessels to an Australian shipping operator due to the exemption from the requirement to pay royalty withholding tax.

For vessels registered in either the general or international register, the tax incentives represent a windfall gain to the vessel owners. These owners were previously required to pay company tax at the rate of 30 per cent on income from qualifying shipping activities, and are now no longer required to do so.

The Commission has yet to receive any evidence to suggest that there has been any increase in the number of foreign flagged vessels registering in Australia, and therefore it is unclear whether the tax incentives have been accessed by what were previously foreign flagged ships. However, the Commission understands that there has been an increase in small barges and landing craft registering on the Australian general register, but these vessels have very limited carrying capacity and so the overall tonnage of the Australian general licence fleet has remained relatively stable.

Foreign flagged vessel owners might lease their vessels to Australian operators on a bareboat charter basis because of the cessation of the requirement to pay the royalty withholding tax on bareboat chartered vessels. Prior to the change, the royalty withholding tax exemption only applied to Australian based operators who leased vessels on the basis of time or voyage charter arrangements (whereby a foreign flagged vessel would be leased with an existing and most likely foreign crew). As such, the change can be also viewed as addressing an anomaly. By exempting the bareboat charter vessels from the withholding tax requirement, more Australian operators (and seafarers) may be employed. However, the more foreign flagged vessels that lease their vessels to Australian operators, the greater the foregone taxation revenue from the loss of royalty withholding tax. Further, if by leasing these vessels, new Australian operators enter the shipping industry, they would be entitled to the tax concessions introduced as part of the shipping reforms. These new operators would enter the shipping industry and thereby redirect resources from other areas of the economy where the advantageous shipping tax concessions do not apply. That is to say, the further the policy intent is realised, the more the Australian Government can expect to forego taxation revenue from other parts of the economy.

### Likely effects on dry and liquid bulk

In 2011‑12, vessels operating under permit carried 21.8 per cent and 34.3 per cent of the dry and liquid bulk throughout Australia, respectively (Bureau of Infrastructure and Transport Regional Economics (BITRE 2013a). Therefore, to the extent that the reforms have increased the costs of these vessels in transporting bulk commodities throughout Australia, Tasmania is likely to be adversely affected.

A proportion of the total bulk freight task is still undertaken by foreign flagged vessels in Tasmania. Data provided by the Department of Infrastructure and Regional Development (DIRD) indicate that between 1 July 2012 and 31 December 2013, a total of 222 voyages were conducted from Tasmania to the mainland using 46 different vessels. Over the same period, a total of 75 voyages were conducted from the mainland to Tasmania using 53 different ships.

The 297 voyages undertaken were over an 18 month period, which equates to around 198 voyages per year. Prior to the reforms there were 134 voyages under single and continuing voyage permits in 2011‑12 (BITRE 2012). There were a further 105 urgent single voyage permits issued in 2011‑12. This suggests that the number of permit voyages to/from Tasmania have reduced from 239 to 198 over the period since the changes, although some of these voyages may now be carried out by ships operating under transitional general licences.

The Commission understands that a significant proportion of Tasmania’s liquid bulk cargo is carried under temporary permit. Given the increase in costs associated with the Fair Work Regulation changes and the additional compliance costs associated with the new licencing regime, it can be expected that freight rates for liquid bulk will increase in Tasmania.

### Likely effects on containerised cargo

The three domestic operators across Bass Strait (TT-Line, Toll ANL, and SeaRoad Holdings) are all Australian owned. The recent (non-tax) changes will therefore not directly impact their costs. As before the regulation changes, the current Australian seafarer wage rates are in excess of those paid in other countries (DIRD sub. 42, p. 38), and to that extent they are adding pressures to the cost of transporting goods across Bass Strait. The regulation changes are likely to have a far more significant impact on international vessels and therefore any competitive pressure they provide to Bass Strait shipping, especially for international freight that is currently transhipped through the Port of Melbourne.

Since 1 January 2011, international vessels are obliged to pay up to twice the amount for labour than they had previously as a result of the awards modernisation according to Deloitte (2012). If the international vessel was then to become majority Australian‑crewed, the vessel’s labour costs would have increased around a further 80 per cent as a result of the changes. Despite evidence suggesting that labour costs represent only 10–15 per cent of total costs (see chapter 4), an increase in costs of this magnitude could have significant implications for the profitability of engaging in either coastal or international trading. This is further magnified given the global oversupply of international vessels.

Evidence suggests that only 15 per cent of Tasmanian northbound products require an overnight service, yet up to half of all goods transported have logistic chains built around the immediate flow of product after production (Aurecon 2013a). This suggests an opportunity for foreign flagged vessels to collect containerised cargo from Tasmania. However, it is unclear whether the volume is sufficient to attract a service. An international service would provide an opportunity for some Tasmanian businesses to get their product to market, albeit on a less regular basis, at less cost than the current overnight service.

Given the small volume of containers, additional costs imposed on foreign flagged vessels affect whether they compete in the market for Australian coastal shipping. Where domestic trade assists in defraying costs of international shipping, any additional costs — such as the requirement to pay Australian wages on the third and subsequent coastal voyages — or regulatory requirements — such as having to nominate a minimum of five voyages and invite Australian general registered and transitional general licenced vessel owners to compete for those nominated voyages — for carrying cargo between domestic ports, acts as a general disincentive to provide international shipping services to marginal ports such as those in Tasmania.

### Likely effects on Bass Strait passenger movements

Participants noted that voyages commencing in Victoria and terminating in Tasmania cannot be offered following the Ministerial exemption associated with the coastal trading reforms (Lindblad sub. 1; Australian Pacific Touring sub. 11; Austrade sub. 41).

The Ministerial Exemption for large cruise vessels commenced on 1 January 2013 and states that vessels in excess of 5000 gross tonnes, capable of at least 15 knots, and carrying more than 100 passengers are exempted from the Coastal Trading Act. However, this exemption does not apply to the carriage of passengers between Victoria and Tasmania. The exemption is the same as the previous exemption first introduced in 1998.

The effect of the exemption is that ‘large cruise vessels’ (i.e. those in excess of 5000 gross tonnes that also meet the other requirements) can engage in ‘coastal trading’ between Australian ports — anywhere except between Victoria and Tasmania — and they can avoid the associated costs of complying with the Act.

The Commission has been unable to ascertain the policy rationale underpinning the exemption not applying to the carriage of passengers between Victoria and Tasmania, but notes the effect would be to potentially reduce competition in passenger transit by large cruise vessels across Bass Strait. As such, it seems evident that this policy has the effect of deterring Victorians from visiting Tasmania since the costs of travelling across Bass Strait would be higher (because of the reforms to coastal trading — see section C.4), than they would be from travelling to Tasmania from anywhere else on the Australian mainland. The Commission understands that a significant proportion of visitors to Tasmania are domiciled in Victoria, so the exemption has the potential to curtail tourist traffic.

It is also important to note that Tasmanian tourists travelling to Victoria by sea would be subject to the increased costs associated with the reforms.

What is perhaps more significant is that the exemption has the effect of ensuring that large cruise vessels can compete against each other on a completely open coast, with both domestic and foreign flagged vessels exempted from the application of the Coastal Trading Act. This in turn means that vessels travelling from one Australian mainland port to an interstate port (eg Darwin to Cairns, or from Darwin to Hobart) could do so on international vessels. Australian domestic vessels operating on these routes would need to price competitively with international vessels, or risk losing price sensitive tourists. Tourists would be able to access relatively cheaper interstate cruises than those offered between Victoria and Tasmania where the coastal trading reforms apply.

It is likely that the longstanding impact of the Ministerial exemption since 1998 on Tasmania will be twofold:

1. Tourist numbers from Victoria to Tasmania would be less than they otherwise would be if the exemption was extended to the carriage of passengers between those States.
2. Small cruise and expedition vessels would have to offer significantly higher fares as a result of the changes (since carrying passengers would amount to engaging in coastal trading, and thus increase costs), further reducing tourist numbers to Tasmania. Submissions (Lindblad sub. 1; Australian Pacific Touring sub. 11; Austrade sub. 41; Cruise Down Under sub. DR72) indicated services have been withdrawn for this reason.

### Conclusion

It is unclear as to the net effect of the tax and regulatory changes on freight rates for users of Tasmanian shipping services, but the overall impact is likely to be to increase freight rates over time.

The Commission considers that the costs of transporting bulk commodities across Bass Strait will rise as a significant proportion of voyages were, and continue to be (albeit a lesser number), undertaken by foreign flagged vessels, which since 1 January 2011 are obliged to pay Australian wages to their workers for the third and subsequent voyages in a 12 month period. It appears that the containerised market will not be directly affected as a result of the reforms since at all relevant times the vessels servicing the market were Australian owned, operated, and crewed. However, international containerised services may be affected to the extent that coastal trading voyages previously defrayed costs and augmented revenues of providing an international shipping service. The Commission understands that the former Tasmanian international containerised service did undertake coastal trading for this purpose.

Sea travelling tourist numbers from Victoria to Tasmania are likely to be lower than they otherwise would be if the route was exempted from the coastal trading reforms. It is unclear why this route is ‘protected’ whereas all other mainland Australian trips to Tasmania are not.

It is likely that the overall impact on Tasmania as a result of the 2009 and 2012 regulatory changes is negative. Nevertheless, the removal of the changes would not fully ameliorate the high costs associated with Bass Strait shipping. What is required is a holistic review of cabotage in Australia.

1. Permit vessels could have wage conditions set out by their flag state, and they may differ from ITF rates. [↑](#footnote-ref-1)
2. *Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Act 2012* (Cwlth). Collectively, these two Acts are referred to as ‘the Coastal Trading Acts’. [↑](#footnote-ref-2)
3. Australian nationals include a company (body corporate) established by, or under, a law of the Australian Commonwealth, State or Territory: *Shipping Registration Act 1981* (Cwlth) s. 3. [↑](#footnote-ref-3)
4. A demise charter is one where ‘the charterer has whole possession and control of the ship (including the right to appoint the master and crew of the ship)’: *Shipping Registration Act 1981* (Cwlth) s. 3. [↑](#footnote-ref-4)
5. *Coastal Trading (Revitalising Australian Shipping) (Consequential Amendments and Transitional Provisions) Act 2012* Sch 2 Pt 3, item 12(2)(a). [↑](#footnote-ref-5)
6. In accordance with s. 61AE of the *Shipping Registration Act 1981* (Cwlth). The current Minister determined wages are slightly less than the SIA 2010 Part B wages. [↑](#footnote-ref-6)
7. *Shipping Reform (Tax Incentives) Act 2012* (Cwlth) (‘the tax incentives Act’) and *Tax Laws Amendment (Shipping Reform) Act 2012* (Cwlth) (‘the tax amendment Act’). [↑](#footnote-ref-7)
8. *Income Tax Assessment Act 1997* (Cwlth) s. 40-102(4A). [↑](#footnote-ref-8)
9. The relevant operating lives prior to the commencement of the reforms were: passenger vessels (20 years); trading ships including bulk, cargo, containerised, and roll-on roll-off vessels (20 years); oil and chemical tankers (20 years); LNG and LPG tankers (30 years) (Australian Taxation Office 2011). [↑](#footnote-ref-9)
10. As a master, engineer, integrated rating, steward, or deck officer: *Income Tax Assessment Act 1997* (Cwlth) s. 61-705(2)(b). [↑](#footnote-ref-10)