

AGEC

14 October 2022

Australia's Maritime Logistics System
Productivity Commission
Locked Bag 2, Collins St East

MELBOURNE Vic 8003

Via: *Submitted to the Productivity Commission website portal*

RE: Lifting Productivity at Australia's Container Ports

Dear Commissioners,

Thank you for the opportunity to make this Submission to the Productivity Commission Australia's Maritime Logistics System draft report – *Lifting productivity at Australia's container ports: between water, wharf and warehouse study*. The Commission is to be congratulated for the value this report adds to industry firstly for the capture and dissemination of the information and statistics and secondly for the findings and recommendations that it includes.

1. Introduction

The Australian grain industry is one of Australia's largest agricultural industries and is a substantial user of both dry bulk and container shipping services. The industry and its supply chain have managed to remain agile and resilient to the recent numerous supply chain shocks and has weathered the increasingly disruptive and protectionist nature of international trade and geopolitics.

The grain industry, like other Australian global facing trading enterprises have been undergoing a period of supply chain complexity, chaos and immense frustration. The Australian grain industry has shown over an extended timeframe the ability to maximise opportunities and to contribute to the economic well being of the Australian economy.

However, greater support to the industry is required through government policy settings, including a greater focus on maritime logistics systems to support industry's ability to adapt to the evolving international grain market, its supply chain and the Australian and global trade landscape.

As discussed in our previous Submission ([Link: here](#)) the current maritime landscape creates disproportionate value to participants in the global supply chain. Australia is not a large global freight market and grain is a relatively low value and high-volume product. We believe export commodities like grain that are shipped in containers suffer a disproportionate impact from the recent upheaval in the container market and container service industry. Grain exports in containers have already been negatively impacted and may increasingly be so in the future.

2. Grain Trade Australia

Grain Trade Australia (GTA) is a national member association and is the focal point for the commercial grain industry within Australia.

GTA has over 270 organisations as members. Their businesses range from regional family businesses to large national and international trading/storage and handling companies who are involved in grain trading activities, grain storage, processing grain for human consumption and stock feed milling. GTA Members are substantial employers, from the farm gate through to end point consumption, and notably in rural and regional Australia. A full list of GTA Members can be found [here](#).

GTA's core focus is to 'facilitate trade' in the Australian grain industry. Its products and services, including the [Australian Grain Industry Code of Practice](#), provides a self-regulatory framework across the grain industry to facilitate and promote the trade of grain within domestic and export grain value chains.

3. Australian Grain Exporters Council

Australian Grain Exporters Council ([AGEC](#)) is a Sector Council of GTA. Sector Councils, formed by GTA members, offer specialist industry groups the opportunity to meet, form policy, discuss and influence issues in their particular area of interest.

AGEC is a sector council for exporters of Australian grain and seeks to facilitate an efficient and effective export industry.

AGEC and GTA both support this Submission.

4. Constraints & Opportunities of Australia's Maritime Logistics System for Grain

Concentration within the shipping sector has resulted in a shift in the balance of power and leverage between industry participants. As reported in the [ACCC Container stevedoring monitoring report 2020-21](#) the bargaining power of shipping lines is likely to grow further and may put them into a stronger position to control shipping capacity in the market.

4.1 The Productivity Commission Report Draft Findings:

4.1.1 The findings of most relevance

Will the proposed reforms in the draft report redress the balance of power? GTA provides the following feedback on the *Draft Findings* in the report that are of the most consequence to its members:

Draft finding 3.3 The framework for measuring Australian container port performance could be enhanced

Comment: The capability to effectively measure the key performance metrics at ports and within the port interfaces is critical to provide an understanding of each port's relative efficiency. GTA supports the progress in the development of a comprehensive performance framework on the basis further review establishes it passes a cost / benefit review.

Draft recommendation 6.1 Repeal Part X

Comment: GTA in previous Submissions has supported the 2015 Competition Policy Review (the Harper Review) and its call to repeal Part X of the Competition and Consumer Act 2010 (Cth). GTA welcomes and supports the draft Report's call for the repeal of Part X and it to be replaced with a class exemption by the ACCC or other such suitable regime.

Draft recommendation 6.2 Terminal access charges and other fixed fees for delivering or collecting a container from a terminal should be regulated so that they can only be charged to shipping lines and not to transport operators

Comment: GTA would concur with the Report's statement that "*Shipping lines' bargaining power is increasing, and they are using it to pay lower charges*". Whereas the transport operator sector that services container terminals is comprised of many players with little bargaining power against the dominant container terminal operators. The draft Report states that the market structure and the lack of effective direct or indirect constraint on the fees charged by container terminal operators to transport operators means the container terminal operators have substantial market power regarding transport operators and have substantially increased existing fees or introduced new fees. These increased fees have led to a disproportionate impact on the grain industry because of the high volume and relatively low value nature of grain. Similarly, the extent of shipping lines market power also may influence the level of service and the provision of information within the supply chain. GTA and AGEC members have been immensely frustrated by a lack of ability by the shipping lines to maintain schedules and to deliver appropriate notification when changes occur.

GTA supports *Draft recommendation 6.2* and the removal of the fixed cost fees for transport operators.

Draft recommendation 6.2 Remove exemption for shipping contracts

Comment: GTA supports this draft recommendation on the basis it will provide some relief for exporters from (unfair) detention fees through the removal of the current exemption for shipping contracts from the unfair provisions in Australian Consumer Law.

Draft recommendation 12.1 Amend coastal shipping laws to increase competition

Comment: GTA has shared its perspective on coastal shipping in several prior [Submissions](#) to inquiries including the DITRDC review into the reform of the coastal trading policy. GTA supports the draft recommendation 12.1 as reducing the cost, complexity, and burden of un-necessary regulation in coastal shipping will help to facilitate trade, creating improved efficiency, reduce costs, and improved economic value for supply chain participants. Industry participants including grain traders, logistics providers, ship owners and charterers, and ultimately and importantly grain farmers will all benefit.

4.1.2 The other findings

Generally, GTA supports the other draft findings as they are logical and well researched and present a case for reform. This appears especially the case in relation to workplace arrangements and the impact they can have on productivity.

Productivity at Australia's ports is obviously critical to the economic wellbeing of all Australian businesses and Australian consumers. This Inquiry and subsequent reforms are welcomed if they can address the performance and productivity within and across Australia's container terminal operators and the shipping companies that service the nation's import and export demand.

5. Conclusion

The current supply chain disruptions have **exposed the vulnerability of global supply chains** and provided real examples of the impact to the Australian economy. This inquiry is welcomed as it is critical to review the performance of the supply chain and to **make appropriate adjustments in regulatory and policy settings**.

GTA and AGECE welcome the opportunity to provide these comments to the Productivity Commission's inquiry and congratulate the Commission on the breadth and information provided in the Draft Report. We welcome and encourage further review and discussion on these important topics between government and industry.

Please do not hesitate to contact GTA or AGECE at any stage to discuss further.

Yours faithfully,

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Council

