



# IFCBAA

INTERNATIONAL FORWARDERS & CUSTOMS  
BROKERS ASSOCIATION OF AUSTRALIA



## IFCBAA Response

Productivity Commission's  
Lifting Productivity at Australia's Container  
Ports: Between Water, Wharf and Warehouse  
Draft Report

October 2022



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# Executive Summary

This report is in response to the Productivity Commissions draft report on Lifting productivity at Australia's container ports: between water, wharf and warehouse released in September 2022 which derives from the inquiry into Australia's Maritime Logistics System.

The purpose of this document is to compare the findings and recommendations from the Productivity Commissions draft report with the IFCBAA submission released in February 2022 and provide analysis on each of the action items.

Each item from the IFCBAA submission is cross-referenced with the Productivity Commissions draft report within a table for easy reference and has been categorised using the following methodology:

Yes = IFCBAA recommendation accepted and referenced within the draft report

No = IFCBAA recommendation has not been addressed / actioned within the report

Partially = IFCBAA item has been noted within the report without any recommended action and / or further clarification is required

The table below provides a summary of each issue contained within the IFCBAA submission compared to the draft report of the Productivity Commission's response. A short description has been provided as well as the page location from each document to assist the reader with cross-referencing. Whilst the cross-referencing has been completed diligently, each item may not contain an exhausted or full list of associated items from the Productivity Commissions draft report in order to keep this response as brief and relevant as possible.

Finally, there is a conclusion which outlines IFCBAA's judgement on each of the action items which were either addressed in the table with a "No" or "Partially" while acknowledging the "Yes" items with anticipation and eagerness for real / tangible outcomes.

On behalf of IFCBAA, we would like to thank the Productivity Commission for this opportunity.

## Contact Details

All enquiries and responses may be directed as follows:

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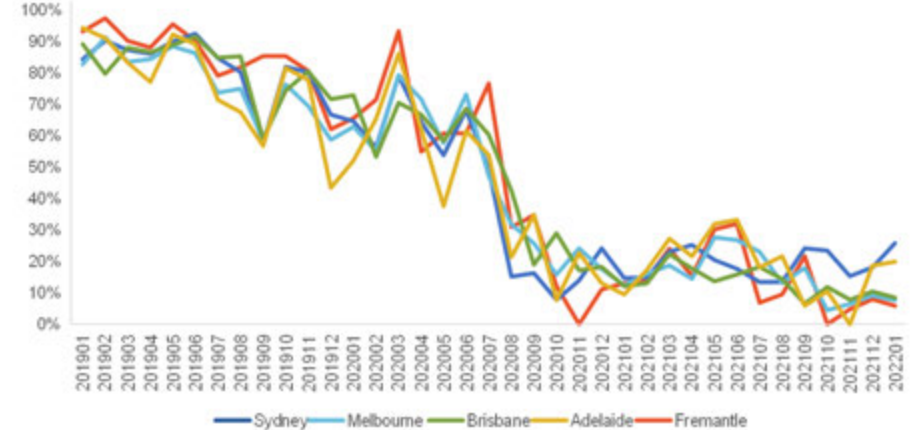
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## Comparison on findings and recommendations

Item #	IFCBAA item	Page reference in IFCBAA submission	Addressed in Maritime-logistics draft	Comments	Page reference in Maritime-logistics draft
1	IFCBAA supports the expansion of the PBLIS model to all container ports in Australia.	p. 5	Yes	The draft report mentions IFCBAA support for PBLIS retention although does not mention its expansion to all container ports in Australia.	p.197
2	Vertical integration by shipping lines moving from linehaul carriers to end-to-end landside operations.	p. 5	Yes	<p>The report initially discusses the ACCC viewpoint from the Container stevedoring monitoring report 2020-2021, which states: "... does not regard vertical integration of itself as a competition concern. It can lead to greater efficiencies and lower costs for customers due to synergies in related services."</p> <p>The draft report further mentions "The potential effects of shipping lines undertaking further vertical integration are unclear. It could make the supply chain more efficient. Or it could lead to more market power and misuse of that power, such as tying shipping services to the use of shipping lines' freight forwarders."</p> <p>It directly quotes the IFCBAA stance on this issue and notes if this was to occur in the marketplace, the ACCC could action s. 50 through its merger powers or misuse of market powers under s.46 of the CCA.</p>	p.185
3	Lack of coastal shipping to provide international/domestic connections	p. 6	Yes	<p>The draft recommends amending coastal shipping laws to increase competition with the major recommendation being to retain, but limit, the ability for Australian vessels operators to contest the granting of licences to foreign vessels.</p> <p>Submissions to this inquiry suggest that the regulatory regime remains an issue. Most maintained that the inflexibility and cost imposed mean coastal shipping is uncompetitive with road, rail and international shipping.</p>	p.54 / 381  p.33 / 379

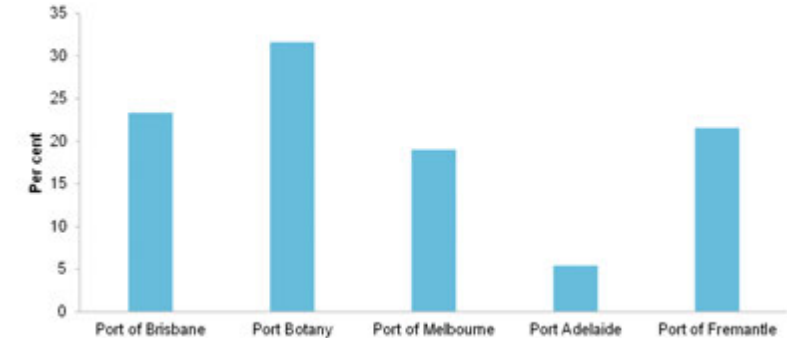
Item #	IFCBAA item	Page reference in IFCBAA submission	Addressed in Maritime-logistics draft	Comments	Page reference in Maritime-logistics draft
4	Shipping schedule delays and port productivity constraints impacting performance	p. 6	Yes	<p>Report acknowledged shipping schedules has disrupted and extended shipping transit times.</p> <p>Graph from figure 3.3 - on time shipping schedule p.114</p> <p><b>Figure 3.3 – Reliability of ships arriving on schedule has declined</b>  <b>Per cent of container ships arriving on time, 2019–2022</b></p>  <p>Source: MUA Supplementary Submission (sub. 72, p. 1).</p>	<p>p.3 / 59 / 275</p> <p>p. 114</p>

Item #	IFCBAA item	Page reference in IFCBAA submission	Addressed in Maritime-logistics draft	Comments	Page reference in Maritime-logistics draft														
5	Flawed land-based operations at ports and interface with domestic freight movement	p.7	Partially	<p>Landside operations and truck turnaround times are addressed within the draft report however, as noted, “truck turnaround times may appear artificially low if trucks wait outside the port gate until their containers are ready for collection. Given the absence of data on at gate waiting times, it is not possible to ascertain if, and by how much, this practice affects measured turnaround times.”</p> <p>Graph from figure 3.11 – Landside turnaround times p.127</p> <p><b>Figure 3.11 – Landside turnaround times vary by Australian container port*</b> Average truck turnaround time, 2019</p> <table border="1"> <caption>Data for Figure 3.11: Average truck turnaround time, 2019</caption> <thead> <tr> <th>Port</th> <th>Average Turnaround Time (Minutes)</th> </tr> </thead> <tbody> <tr> <td>Brisbane</td> <td>35</td> </tr> <tr> <td>Sydney</td> <td>34</td> </tr> <tr> <td>Melbourne</td> <td>27</td> </tr> <tr> <td>Adelaide</td> <td>30</td> </tr> <tr> <td>Fremantle</td> <td>23</td> </tr> <tr> <td>Australia</td> <td>30</td> </tr> </tbody> </table> <p>a. The average time from when trucks enter the port to when the last container is loaded, and the truck is ready for departure. Source: BITRE (2021c).</p>	Port	Average Turnaround Time (Minutes)	Brisbane	35	Sydney	34	Melbourne	27	Adelaide	30	Fremantle	23	Australia	30	<p>p.126</p> <p>p.127</p>
Port	Average Turnaround Time (Minutes)																		
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6	Planning by State governments to improve port rail interfaces and intermodal terminals has been slow	p. 7	Partially	<p>Graph from Figure 7.4 – Rail mode through container ports</p> <p><b>Figure 7.4 – Rail mode share varies markedly between Australia's main container ports</b> Share of TEU throughput moved by rail*</p> <table border="1"> <caption>Data for Figure 7.4</caption> <thead> <tr> <th>Port</th> <th>Share of TEU throughput moved by rail (%)</th> </tr> </thead> <tbody> <tr> <td>Port of Brisbane</td> <td>~1.5</td> </tr> <tr> <td>Port Botany</td> <td>~14.5</td> </tr> <tr> <td>Port of Melbourne</td> <td>~8.5</td> </tr> <tr> <td>Port Adelaide</td> <td>~10</td> </tr> <tr> <td>Port of Fremantle</td> <td>~18.5</td> </tr> </tbody> </table> <p>The report mentions rail services need to run at a high frequency or cover large distances for viability and these factors have held back the use of port rail interfaces for decades, while the productivity of road freight has increased over time.</p> <p>The report does mention a finding that most container ports are planning substantial investments in rail infrastructure.</p> <p>No real tangible outcome</p>	Port	Share of TEU throughput moved by rail (%)	Port of Brisbane	~1.5	Port Botany	~14.5	Port of Melbourne	~8.5	Port Adelaide	~10	Port of Fremantle	~18.5	p.223  p.223  p.230
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7	Capacity issues at the ports inhibiting long term growth and productivity	p. 7	Yes	<p>Capacity issues is covered within the report stating many of Australia’s major ports will face capacity constraints mainly driven by geographic (space) constraints. It further states “At some point, the economic case for new ports is likely to become compelling in Melbourne, Sydney and Perth, but less so in Brisbane and Adelaide.”</p>	p.163												
8	Conversion of port and industrial precincts to residential areas	p. 8	Yes	<p>The draft report notates and mentions the issue of commercial and residential land surrounding ports is gradually being redeveloped however, state governments have the primary responsibility for planning and investment in infrastructure beyond the port gate and there is no compelling evidence that plans will not be implemented.</p>	p.21  p.42												

Item #	IFCBAA item	Page reference in IFCBAA submission	Addressed in Maritime-logistics draft	Comments	Page reference in Maritime-logistics draft
				Draft finding 7.3 – Planning systems should allocate around ports to highest value uses  Urban encroachment is front of mind for a number of inquiry participants and these views are not without historical foundation.	p.237
9	Delays in handling empty containers at peak times at ECPs	p. 8	Yes	Generic acknowledgement of the pressures and constraints of ECPs over the past couple of years during and since COVID-19.  Key initiative by the ECWG and NSW Government was an easing of restrictions of storage heights thus allowing for more containers to be stacked  Another initiative was the Empty Container Incentive Scheme encouraging shipping lines to monitor and better manage the balance of import and export containers with increases or decreases in wharfage rates. It was acknowledged that the scheme does have the potential to cause unintended consequences.	p.233  p. 235  p.235
10	Some shipping lines do not provide paperless e-D/O creating late re-directions	p. 8	No	Whilst an overview of ICT systems and electronic data interchange has been discussed, the specific issue of electronic delivery orders has not.  IFCBAA strongly recommend this item be investigated and included within the final report.	p.363
11	More shipping lines directing empty containers away from ECPs and rail, direct returns to the stevedores, adding to truck congestion around the port	p. 8	Yes	Report mentions “In response, they stated ‘IFCBAA refutes any shipping line that seeks to take advantage of a crisis situation not of the importer/exporter/agent’s making and are forced to pay additional fees and charges, such as port congestion surcharges, container detention, container holding costs and redirections’”	p. 234

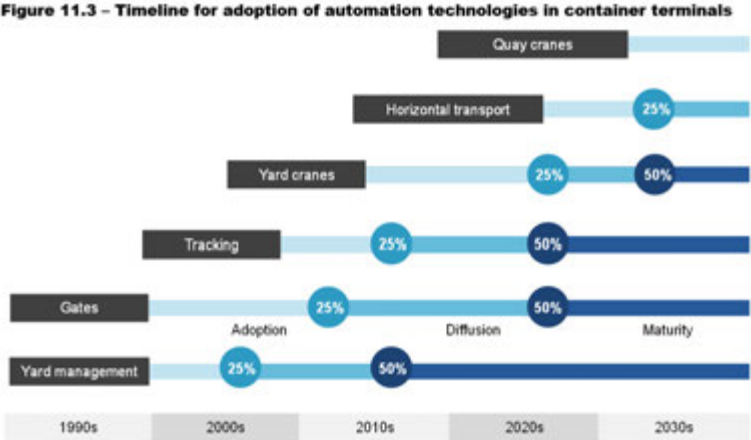


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12	Unfair container detention practices impacting importers, freight forwarders and customs brokers	p. 8	Partially	<p>Graph from figure 7.6 – Empty containers p. 235</p> <p><b>Figure 7.6 – Empty containers are a large share of throughput at Port Botany</b> Number of empty TEUs exported as a share of total TEU throughput, 2020</p>  <table border="1" data-bbox="996 475 1780 813"> <caption>Data for Figure 7.6</caption> <thead> <tr> <th>Port</th> <th>Per cent</th> </tr> </thead> <tbody> <tr> <td>Port of Brisbane</td> <td>23</td> </tr> <tr> <td>Port Botany</td> <td>32</td> </tr> <tr> <td>Port of Melbourne</td> <td>19</td> </tr> <tr> <td>Port Adelaide</td> <td>5</td> </tr> <tr> <td>Port of Fremantle</td> <td>21</td> </tr> </tbody> </table> <p>Source: (BITRE 2021c).</p> <p>Fees being paid to shipping lines for late return of containers even where the delay is because ECP is full</p> <p>“.....detention fees continue to be charged in instances where empty containers can not be returned. As discussed in chapter 6, the Commission is concerned about these fees. Detention fees exist to incentivise the timely return of empty containers but charging fees in circumstances when containers can not be returned because container parks are full does not fulfil this purpose. The Commission considers that shipping contracts should not be exempt from the unfair terms provisions in Australian Consumer Law and is seeking feedback on related issues that could arise in relation to international treaty arrangements.”</p>	Port	Per cent	Port of Brisbane	23	Port Botany	32	Port of Melbourne	19	Port Adelaide	5	Port of Fremantle	21	<p>p.235</p> <p>p. 2</p> <p>p.237</p>
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13	<p>IFCBAA supports the ACCC findings. IFCBAA has advocated for greater sophistication in the negotiation of EBAs between the respective parties, to ensure the EBAs are fit for purpose in a modern industrial landscape and Australia’s port productivity is consistently world class.</p>	p. 9	Yes	<p><b>Draft recommendation 9.1 -</b> Prohibit enterprise agreement content that imposes excessive constraints on productivity in the ports and costs on the supply chain</p> <p><b>Draft recommendation 9.2 -</b> Improving bargaining practices in the ports</p> <p><b>Draft recommendation 9.3 -</b> Add options for protected industrial action by employers to the Fair Work Act</p> <p><b>Draft recommendation 9.4 -</b> Increase disincentives for employees to notify and then abort protected industrial action</p> <p><b>Draft recommendation 9.5 -</b> Make it easier for employers in the ports to extend the notice period for protected industrial action</p> <p><b>Draft recommendation 9.6 -</b> Make it possible to suspend or terminate industrial action that could cause ‘important or consequential’ economic harm</p> <p><b>Draft recommendation 9.7 -</b> Allow a broader range of third parties to apply to terminate protected industrial action occurring in the ports</p> <p><b>Draft recommendation 9.8 -</b> Enable protected industrial action to be suspended or terminated when it is causing harm to either party, rather than both</p> <p><b>Draft recommendation 9.9 -</b> Equip the Fair Work Commission for an extended role in the ports</p> <p><b>Draft recommendation 9.10 -</b> Independent evaluation of changes to improve workplace relations in the ports</p>	p.286 - 315
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Item #	IFCBAA item	Page reference in IFCBAA submission	Addressed in Maritime-logistics draft	Comments	Page reference in Maritime-logistics draft
14	Stevedores Infrastructure Surcharge/Terminal Access Charge (TAC) Increased 2,600% in 11 years.	p. 9	Yes	<p>“Recent rapid increases in terminal access charges (TACs) have flowed through to cargo owners (and consumers). Terminal operators should only be able to levy fixed charges, like TACs, on shipping lines, who can choose which terminal to use.”</p> <p>“The Commission’s preferred option would prevent container terminal operators from charging fixed fees, such as terminal access charges, to transport operators. All fixed charges associated with container collection should be shifted to shipping lines, precluding terminal operators from exercising their market power over transport operators”</p> <p>The draft also raises concerns about the potential for container terminal operators to have market power over transport operators and how this is reflected in the fees particularly terminal access charges.</p> <p>Recommended within the draft  “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”</p>	<p>p. 2</p> <p>p.18</p> <p>p.191</p> <p>p. 41 / 201</p>
15	Patrick Stevedores Weight Amendment Fee (Pondus)	p. 10	Partially	<p>The report does not specifically mention the Patrick Stevedores Weight Amendment Fee although it appears this has been encapsulated within the 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”</p> <p>Further clarification required as to whether this fee has been addressed</p>	p.41 / 201
16	Container detention fees and practices	p. 11	Partially	Please refer to points 11 and 12 of this table	
17	Interactions between the levels of government and the	p. 11	Partially	The draft recognises that coordination between different levels of government is essential for an efficient maritime logistics system	p.242

Item #	IFCBAA item	Page reference in IFCBAA submission	Addressed in Maritime-logistics draft	Comments	Page reference in Maritime-logistics draft
	lack of accountability is a major inhibitor to improving the maritime logistics chain			<p>State governments have overarching control of their state’s planning schemes</p> <p>Federal and State Governments have begun initiatives to enhance private and public sector data</p> <p>Draft finding            “All state governments have freight and transport strategies that include consideration of future port infrastructure needs. Compelling evidence has not been presented that more plans are required or that existing plans will not be implemented.”</p> <p>IFCBAA recommends the establishment of a truly national industry focus group to assist Federal and State governments.</p>	<p>p.212</p> <p>p.31</p> <p>p.246</p>
18	Long-term capacity and sustainability of existing ports in metropolitan areas, as urban residential encroachment expands into port and industrial precincts.	p. 8	Partially	<p>The report discusses how each state has freight and transport strategies which include future port infrastructure requirements. From this, it reports planning and goal alignment is critical between state and local government in and around port precincts.</p> <p>Draft finding 7.4 states “Long term planning appears to be adequate”</p> <p>IFCBAA would like to reserve our judgement on this item as planning models as well as state and local governments change over time.</p>	p.243
19	Inefficient government IT systems and processes need to be addressed	p. 12	Yes	<p>IFCBAA supports the need for ICS to be replaced by a system interlinked to a Single Window facility in a National Trade Community System. A similar philosophy is detailed and contained within the report.</p> <p>“The Simplified Trade System will be a series of reforms that aim to streamline cargo clearance processes. The centrepiece will be a ‘tell us once’ digital platform through which stakeholders can upload and access all relevant documentation required by Australian government authorities.”</p>	p.369

Item #	IFCBAA item	Page reference in IFCBAA submission	Addressed in Maritime-logistics draft	Comments	Page reference in Maritime-logistics draft
20	Lack of 100% paperless transport movement	p. 11	Partially	<p>Graph from 11.3 Timeline adoption of automation p.341</p>  <p><b>Figure 11.3 – Timeline for adoption of automation technologies in container terminals</b></p> <p>Source: Notteboom, Pallis and Rodrigue (2022b, p. 267).</p> <p>No real outcome or recommendation</p>	p.341
21	Lack of interoperability of data interchange between all stakeholders	p. 11	Yes	<p>“The STS (Simplified Trade System) will aim to improve the user experience for businesses, simplify regulatory processes, better align processes across government agencies and enhance data collection and sharing.”</p>	p.369
22	National Trade Community System needs to be established and a Single Window for all stakeholders	p. 11	Yes	<p>“The Simplified Trade System will be a series of reforms that aim to streamline cargo clearance processes. The centrepiece will be a ‘tell us once’ digital platform through which stakeholders can upload and access all relevant documentation required by Australian government authorities. This initiative is also likely to review Australia’s international trade regulations.”</p> <p>Draft finding          “The Australian Government’s cargo and vessel clearance systems are currently convoluted and challenging for stakeholders to use, with repetition in data entry and outdated ICT systems”</p>	p.369  p.370

Item #	IFCBAA item	Page reference in IFCBAA submission	Addressed in Maritime-logistics draft	Comments	Page reference in Maritime-logistics draft
23	ICS needs to be replaced by a system interlinked to a Single Window facility in a National Trade Community System	p. 12	Yes	“The Simplified Trade System will be a series of reforms that aim to streamline cargo clearance processes. The centrepiece will be a ‘tell us once’ digital platform through which stakeholders can upload and access all relevant documentation required by Australian government authorities.”	p.369
24	Department of Agriculture, Fisheries and Forests (DAFF formerly DAWE) – There is an urgent need for DAFF biosecurity system reform to speed up the biosecurity clearance process at the border and not be a non-tariff barrier to trade	p. 12	Yes	Draft finding 11.3 states government should continue to overhaul cargo clearance systems with DAFF mentioned in the body of the report.  “The level of resourcing for DAFF and the ABF will impact the clearance system’s efficiency. Physical inspections of containers and break bulk cargo are still carried out, implying that an inadequate number of inspection officers may undermine an effective single window system. Adopting new innovations under the STS’ suite of reforms may ease this burden — for example, by using AI tools for document scanning or digital technologies for remote inspection (Inspector-General of Biosecurity 2021, p. 59).”	p.370
25	Cultural change is required to move from regulator to trade facilitator, including increased investment and action required in ICT, human resources, training and development required	p.12	No	Draft finding 11.3 talks about how government should continue to overhaul cargo clearance systems however stops short of discussing cultural change to facilitate trade.  IFCBAA recommends the establishment of a truly national industry focus group to assist government departments with industry expectations.	p.370

## Conclusion

From an IFBCAA viewpoint it is positive to see that majority of issues raised in the IFCBAA submission dated February 2022 were received and accepted by the Productivity Commission.

IFCBAA is cautiously optimistic with the proposed findings and recommendations of this draft report. It is with anticipation IFCBAA observes the next phase of the process in eagerness of real / tangible outcomes.

For these outcomes to be achieved, IFCBAA recommends the establishment of a truly national industry focus group to assist Federal and State governments to drive the findings and recommendations of the report to their finality. IFCBAA, as the key industry association for Customs Brokers and International Freight Forwarders, would welcome an invitation to be a member of any proposed national focus group.

Furthermore, IFCBAA recommends empowering through regulation, the ACCC with additional powers and resources to enforce the said findings and recommendations.

In relation to items which were either not addressed or partially touched upon, IFCBAA will continue to highlight on behalf of its members on the following:

- ✦ Flawed land-based operations and forced charges and conditions, at ports and the interface with domestic freight movements –
  - **IFCBAA recommends the commission re-investigate and include within the final report**
  
- ✦ Planning by State governments to improve port rail interfaces and intermodal terminals has been slow
  - **IFCBAA recommends increased focus on rail interfaces by all stakeholders**
  
- ✦ All shipping lines to provide paperless e-D/O (electronic delivery orders) thus improving processing times –
  - **IFCBAA strongly recommends this item be investigated and included within the final report**
  
- ✦ Unfair container detention practices impacting importers, freight forwarders and customs brokers
  - **IFCBAA acknowledge the commission has requested further information on this subject and reserves judgement**

- Patrick Stevedores Weight Amendment Fee (Pondus)
  - **IFCBAA request further clarification as to whether this fee has been addressed within the draft recommendation 6.2 “Terminal access charges and other fixed fees”**
  
- Container detention fees and practices
  - **IFCBAA acknowledge the commission has requested further information on this subject and reserves judgement**
  
- Interactions between the levels of government and the lack of accountability is a major inhibitor to improving the maritime logistics chain
  - **IFCBAA recommends the establishment of a truly national industry focus group to assist Federal and State governments to drive the findings and recommendations of the report to their finality**
  
- Long-term capacity and sustainability of existing ports in metropolitan areas, as urban residential encroachment expands into port and industrial precincts
  - **IFCBAA reserves judgement and shall continue to monitor on this matter as state governments and planning models change over time.**
  
- Lack of 100% paperless transport movements
  - **IFCBAA supports the development of a National Trade Community System platform**
  
- Cultural change is required to move from regulator to trade facilitator, including increased investment and action required in ICT, human resources, training and development required
  - **IFCBAA recommends cultural change within the border clearance agencies from regulator to trade facilitator**

On behalf of IFCBAA, we would once again like to thank the Productivity Commission for this opportunity.