

Australia's Maritime Logistics System Inquiry
Productivity Commission
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Dear Madam/Sir

Accord is pleased to provide the following submission on the Productivity Commission's Draft Report on Australia's Maritime Logistics System (the Draft Report).

Introducing Accord

Accord is the peak national industry association representing the manufacturers and marketers of formulated hygiene, personal care and specialty products, their raw material suppliers, and service providers. Accord member companies make and/or market a broad range of consumer and commercial goods that play integral roles in safeguarding public health, promoting personal hygiene, boosting confidence and emotional wellbeing, maintaining comfortable homes and enhancing quality of life, as well as keeping the wheels of commerce and industry turning. Member companies include large global manufacturers as well as small dynamic Australian and family-owned businesses. A list of Accord member companies is available on our website: <http://accord.asn.au/about/members>.

The formulated hygiene, cosmetic, personal care and specialty products industry is a significant industry sector contributing to a prosperous Australian economy. Our industry's products include household and commercial cleaning agents; disinfectants; make-up and beauty products; toiletries and personal care products; hair-care products; skincare products, including sunscreens; oral hygiene; fragrances and perfumes, feminine hygiene products; industrial and agricultural sanitisers; household pest control; and adhesives and sealants.

Recognising the importance of this sector to the public health of the nation and its contribution to Australia's economy, Accord commissioned EY to prepare the first-ever *State of the Industry Economics Report for the Australian Hygiene, Personal Care and Specialty Products industry*¹. This top-down economic report looks at the entire value of the industry across all market segments represented by Accord. It quantifies the key economic indicators for the industry, highlighting the economic importance of the entire hygiene, personal care and specialty products industry to Australia.

Some topline results follow, based on 2018 economic data:

- Total turnover: \$26.3bn (17th largest industry sector in Australia!)
- Industry value-add: \$5.6bn (upstream and downstream value added by our industry to the Australian economy—an indicator of how our sector drives economic activity)
- Jobs: 68,117
- Wages: \$3.4bn
- Export value: \$1.3bn.

The Report identified a number of other significant observations regarding our industry, including:

- Diversity in production, with businesses operating across all aspects of the supply chain from production through to the retail of final goods.
- Varied client base, with industry products consumed by a wide range of end-users and spanning a wide range of product types from basic consumer necessities to janitorial cleaning supplies to luxury cosmetics.
- Resilience to changes in economic conditions (likely arising from the above two characteristics).
- The higher growth in our industry's value-add than the Australian GDP over the past five years, meaning that our industry added proportionately more value than some other industries in the economy.

Accord provided our initial submission in February welcoming the Productivity Commission Inquiry into Australia's Maritime Logistics System, noting that as one of the user groups of the maritime logistics system, our member businesses experienced escalating fees and charges (unpredictable and compounding throughout the supply chain ecosystem including congestion, demurrage and other ad hoc changes) and costly delays (again exemplified by unpredictable changes e.g. last minute timetable changes, vessel delays, missed ports, and significant reduction or even lack of viable alternatives).

We welcome the Draft Report and its finding that on balance of considerations, there is room for Australian container ports to improve their productivity.

¹ Hygiene, Personal Care and Specialty Products industry: Economic State of the Industry report Accord Australia Ltd
Final report 15 October 2019: <https://accord.asn.au/media-policy/>

Accord is a member of Australian Chamber of Commerce and Industry (ACCI) and support their submission on the Draft Report.

Accord members broadly support the Draft Recommendations intended to boost productivity at the ports. Our members also specifically support

- Draft Recommendation 6.1 *The Australian Government should repeal Part X of the Competition and Consumer Act 2010 (Cth) (CCA),*
- Draft Recommendation 6.2 *Terminal access charges and other fixed fees for delivering or collecting a container from a terminal should be regulated and only be charged to shipping lines, and*
- Draft Recommendation 6.3 *Remove Exemptions for Shipping contracts.*

One example of a specific fee increase in the last year, provided by one of our member companies, is that shipping companies have reduced detention days on containers in the last year from 21 days to 8 days before they incur cost. Coupled with inefficiency at ports, companies are having to pay container detention fees, potentially from days 9-21 that they had not incurred previously.

It is hoped that improving port efficiency and addressing competition issues, once implemented, would address some of these unpredictable fees and charges that can compound through the supply chain.

Thank you again for the opportunity to provide comments. We look forward to the finalisation of the Productivity Commission's Report on Australia's Maritime Logistics System.

Your sincerely

[unsigned for electronic submission]

Catherine Oh
Director, Regulatory & Supply Chain Strategy
14 October 2022