

Australia's Maritime Logistics System Inquiry
Productivity Commission
Locked Bag 2, Collins St East
Melbourne Vic 8003



30 September 2022

To whom it may concern,

Re: Lifting productivity at Australia's container ports: between water, wharf and warehouse Draft Report

The Victorian Farmers Federation (VFF) welcomes the opportunity to comment on the Productivity Commission's draft report 'Lifting productivity at Australia's container ports: between water, wharf and warehouse'.

As noted in our previous submission, as an export-orientated industry, a well-functioning maritime logistics system is critical for Victoria's agriculture industry that relies on the nation's ports and shipping networks to transport their products to overseas markets.

The Port of Melbourne is Australia's largest container port and is a critical export gateway for Victorian agricultural produce, with agricultural goods making up 43% of all containerised exports from the Port of Melbourne.

Recognising the pivotal role ports and shipping play in protecting not just Victorian agriculture, but Australia's national interest, it is critical that solutions are developed to ensure the nation's continued prosperity and well-being.

The VFF makes the following comments on the findings and recommendations of the draft report:

Draft recommendation 6.1 Repeal Part X

The VFF strongly supports draft recommendation 6.1 to repeal Part X. As noted in the 2015 Harper Review, international shipping liners are one of the only industries that had legislative exemption from Australia's competition laws and recommended Part X of the Competition and Consumer Act 2010 (CCA) which regulates international liner shipping should be repealed and a block exemption granted by the ACCC should be available for liner shipping agreements that meet a minimum standard of pro-competitive features.

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

The VFF strongly supports the recommendation to increase regulation on terminal access charges to ensure they can only be charged to shipping lines.

As noted in the draft report, container terminal operators are essentially monopolist in supplying a service to many transport operators.

Terminal access charges are currently charged by stevedores to trucks and trains for collecting or dropping off full containers at their terminals, however, shipping lines choose the stevedore and farmers or the transport operators delivering their produce must go to the stevedore, removing competitive tension.

Especially for high-volume, low-price exports such as containerised grain and hay, these costs are either borne by the individual farmers that deliver the entire 25MT to fill the containers or risk or risk making Australian exports uncompetitively price.

Demonstrating the impact terminal access charges are having on individual farmers, one VFF member from Central Victoria that grows export hay estimated the charges had cost him an additional \$25,000 in the last year alone and that he could see no improvements in services despite the substantial increases in charges.

Draft finding 7.3 Planning systems should allocate land around ports to highest value uses

The VFF is concerned by draft finding 7.3 that planning systems should allocate land around ports to highest values uses such as housing. Urban growth and development around ports are an increasing long-term threat to port operations across the country.

As Melbourne's population grows and demand for inner-city living increases, urban development is increasingly encroaching on the Port of Melbourne's boundaries. Without appropriate planning controls, a desire to avoid amenity impacts on residents can result in operating restrictions on freight movements, cutting the sector's productivity. There are already truck curfews on several streets to access the port which impact the productivity of port's 24-hour operations.

Focusing on increased land values of residential developments fails to recognise the broader economic and strategic value of the ports to Australia's well-being.

The VFF looks forward to continuing to work with Productivity Commission to improve maritime productivity. Please contact the VFF Policy team at policyteam@vff.org.au you have any queries.

Yours sincerely,

Emma Germano

President

Victorian Farmers Federation