

21 October 2022

Productivity Commission  
Locked Bag 2, Collins St East  
Melbourne Vic 8003

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

GrainGrowers welcomes the opportunity to comment on the Productivity Commission's draft report 'Lifting productivity at Australia's container ports: between water, wharf and warehouse.'

GrainGrowers is a voice for Australian grain farmers with individual grower members across the country. We work to build a more profitable and sustainable grains industry for the benefit of Australian grain farmers, through our focus areas of policy and advocacy, grower engagement, thought leadership and active investment in future focused activities for all growers. Australian growers are at the heart of all that we do and the focus of our work.

The Australian grains sector is a powerhouse of regional Australia with over 22,300 farm businesses growing on average 45 million tonnes of grains, oilseeds and pulses each year for domestic and global customers. The Australian agricultural sector is striving to reach \$100 billion farmgate value by 2030, up from the forecast value of \$73 billion for 2021-22, with the broader agribusiness supply chain striving to reach \$300 billion. As an export-orientated industry, improving productivity at Australia's container ports will be vital in achieving this target.

Containerised grain exports are an increasingly important facet of the Australian grain supply chain with 4.2MMT or 11% of the total grain crop exported in the 2020-21 period. Containerisation is especially popular for pulses such as chickpeas and lentils and provides access to important alternate and diversified markets for Australian grain. Containers allow access to customers that cannot financially or logistically accommodate bulk shipments and can be an important initial pathway for market testing and expansion.

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High costs and delays at port, however, threaten the global competitiveness of Australia's containerised grain exports. Port inefficiencies and the events of COVID-19 have had a profoundly negative impact on Australian grain exports. Many grain packers have expressed concerns about the long-term implications from the consistent difficulties in meeting contract terms as a result of delays accessing containers and attracting vessels.

Australian grain exporters sell on the global market and therefore often need to compete with other nations closer to key customers or with lower production costs. Any improvements in the efficiency of container ports will reduce supply chain costs and assist in ensuring Australian grain remains competitive and able to access critical markets.

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

***Draft finding 3.2 Data gaps limit assessment of port performance***

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

GrainGrowers strongly supports the need for increased data on port performance. As noted in our previous submission, government and industry should increase the level of data gathering, analysis and sharing to assist in the understanding and management of shipping trends.

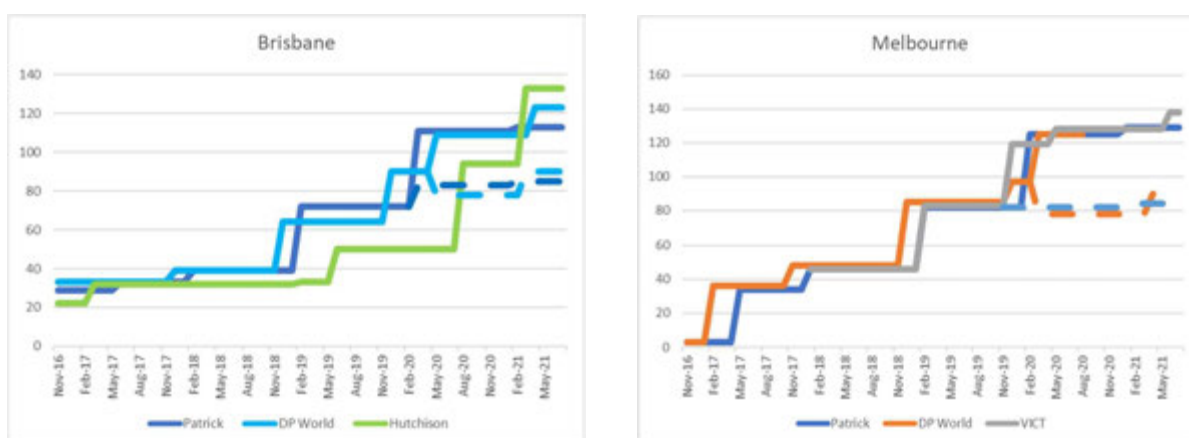
Accurate benchmarking and monitoring of maritime logistics performance will also assist with proactive policymaking and regulation and encouraging strategic infrastructure investment.

***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***

GrainGrowers strongly supports draft recommendation 6.2 to regulate terminal charges so that they can only be charged to shipping lines and not to transport operators.

As acknowledged in the draft report, farmers and other transport operators cannot choose which stevedore they deliver to, removing competition between stevedores on terminal charges pricing.

As the below graphs demonstrate, terminal charges at many container ports across Australia have increased significantly over the last 5 years



Source:

<https://www.accc.gov.au/system/files/Container%20stevedoring%20monitoring%20report%202020-21.pdf>

For high-volume, low-price exports such as grain, these charges have a significant impact with the costs either borne directly by individual growers that deliver the entire 25mt and risk making Australian exports uncompetitive.

**Draft finding 7.3 Planning systems should allocate land around ports to the highest values uses**

GrainGrowers has significant concerns with draft finding 7.3 that planning systems should allocate land around ports to the highest value such as housing.

Inappropriate development can have profound consequences for the economy and broader population which are reliant on Australia’s supply chains.

Urban development is increasingly encroaching on many container ports across Australia and without appropriate planning controls, such developments can result in operating restrictions such as in at the Port of Melbourne there are already truck curfews on several streets to access the port which impact their 24-hour operations.

As noted in the Australian Export Grains Innovation (AEGIC)’s *Improving Australia’s Containerised Grain Exports 2022* report, “ports are often geographically rare locations with unique characteristics that need to be preserved if the full value of their temporal stream of economic benefits is to be extracted...failure to protect and provide the strategically important freight corridors to ports only weakens and

jeopardizes the economic performance of container ports.” Focusing on the potential land values of residential developments fails to acknowledge the broader implications to Australian economy from limited port operations.

***Draft finding 9.7 Extensive protected industrial action in the ports during recent bargaining caused disruption and impacted productivity in container terminals***

***Draft finding 9.8 Protected industrial action in the ports caused substantial disruption and economic costs to third parties in the supply chain***

GrainGrowers is deeply concerned about the detrimental impact protracted industrial action has had on port productivity.

It is critical industrial relations arrangements are managed to ensure goods can be imported and exported through the most appropriate port, avoiding delays and increased costs.

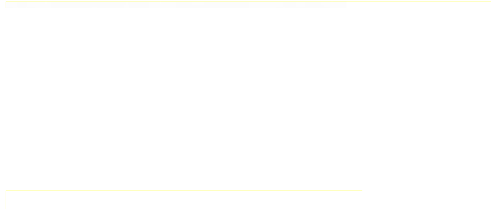
For example, according to the ACCC in their 2021 Container Stevedore Monitoring report, the Maritime Union of Australia (MUA) undertook 20 employee response actions as well as work bans at Patrick’s Port Botany terminal. This was seen to result in a loss of 800 rostered hours and an 11-day backlog. More broadly, the industrial action influenced some vessels to either omit or suspend bookings to Port Botany or Australia entirely or transferring their cargo to Melbourne at significant cost.

The ACCC noted that it appeared the MUA had used industrial actions to demand that stevedores accept restrictive provisions, some of which are “outside the realm of what would be considered reasonable terms and conditions in any other industry”.

As an export-orientated industry, improving port efficiency is critical for Australia’s grain industry which relies on the nation’s ports and shipping networks to transport grain to international markets. Containerised grain exports are an increasingly important facet of the Australian grain supply chain, however, high costs and delays at port threaten the global competitiveness of Australia’s containerised grain exports. Recognising the pivotal role ports play not just for the grain industry, but the broader Australian economy, it is crucial that solutions are developed to ensure the nation’s continued prosperity.

GrainGrowers looks forward to continuing to work with the Productivity Commission to improve maritime productivity. Should we be able to provide further assistance or if there are any enquiries relating to our submission, please contact Policy Manager, Trade and Supply Chains

Yours sincerely,



Brett Hosking  
Chair  
GrainGrowers