



Productivity Commission - AUSTRALIA'S Maritime Logistics System Inquiry

Submission by Tractor & Machinery
Association of Australia

11 February 2022

Submission to Inquiry into the long-term productivity of Australia's maritime logistics system.

The Tractor & Machinery Association of Australia (TMA) welcomes this opportunity to provide our submission to the Productivity Commission's inquiry.

Background & Introduction

The TMA is a member-based industry organisation which was established over 70 years ago to represent the interests and development of importers, manufacturers and sellers of agricultural tractors and machinery in Australia. Its member base includes:

- John Deere Ltd
- CNH Industrial
- AGCO
- Kubota Australia Ltd
- Landpower Group Ltd
- Power Farming Group Australia

With members representing every facet of farm machinery, the TMA speaks as one voice for the industry on issues relating to government regulation and legislation, health and safety, industry training and market sales statistics for the industry and its members.

TMA members include:

- Importers or distributors of product who have a network of independent authorised dealerships that market products and provide aftersales support (OEM members); or
- Independent dealers of product (Dealer members).

The agricultural machinery market is highly competitive in Australia with timely supply critical to production of the nation's food supply. Seasonal in nature, the importance of an efficient logistics system cannot be overstated with predominantly all the engine driven product being sourced from overseas sources.

The terms of reference produced for the inquiry focus on the following key points

- evidence on ways the system performs well and less well
- answers to the following questions:
 - If the system is underperforming, what needs to change and why?
 - How and why would any changes lift performance, and by how much?
 - Who needs to do what to make those changes happen?
 - » In particular, what should governments do? And what should the private sector do?

This submission will endeavour to address these through a description of what we believe to be the current areas of importance.

1. Biosecurity - The TMA is fully supportive of the Federal Governments roles and responsibilities regarding the maintenance of the country's biosecurity defences. Our members have installed practices and processes for meeting these requirements and do so willingly knowing full well that any failures will not only cause harm to the country as a whole but directly impact its customers and its own markets. That said, it is our view that the system for administering biosecurity with regards to imported machinery is inadequate. Our members have endured many instances in recent years where there have been issues with imported machines where border security deems a risk to entry to the country. This has then often resulted in machines being turned back or sent to another port e.g., Singapore for quarantine cleaning. This impost represents considerable time and expense for the machinery supplier and ultimately the customer

What needs to change and why?

We believe there needs to be a quarantine resource established at each of the major Australian ports that DAWE deem to be satisfactory, to carry out the necessary decontamination rather than send the machine back to sea.

How and why would any changes lift performance, and by how much?

Our members fully understand that if there is a problem of their making then they should contribute a reasonable cost towards this work. This outcome ought to be far more cost effective than the current situation

Who needs to do what to make those changes happen?

» ***In particular, what should governments do? And what should the private sector do?***

2. Work Practices

The processing of Agricultural machines through Australian ports appears to be generally inefficient. Our members are often told that there just aren't the people from Biosecurity who are adequately trained to carry out the necessary inspections needed to process the product. They are further told that with products such as motor vehicles representing a much larger volume of work, that this is where the focus lay, and motor vehicles are given priority over our agricultural equipment.

Within this lack of resource at Biosecurity members often find that particular areas of concern on machines aren't properly quantified, they are simply told "it is not clean"

They then find the unit goes back to be recleaned, then down to the end of the inspection queue and when it is eventually inspected it is often someone else and they find a different issue.

What needs to change and why?

Agriculture has been defined by the Federal Government as an Essential Industry particularly throughout the Covid 19 pandemic and there needs to be an acknowledgement that products such as Agricultural machines require specialised attention when being processed through

ports. Furthermore, the movement of machines tends to be seasonal in nature and there does not appear to be adequate attention given to this fact.

Presently there are too many delays in processing machines due to a lack of suitably qualified DAWE staff.

Specifically, we would like to see a process where all areas of concern were pointed out at the first inspection and they were rectified and ticked off at the next inspection.

How and why would any changes lift performance, and by how much?

Improved resourcing and adequate processes would speed the process up considerably and avoid multiple cleanings costing time and money.

Who needs to do what to make those changes happen?

» ***In particular, what should governments do? And what should the private sector do?***

3. Costs

The last 2 years have seen astronomical rises in the costs associated with importing machinery into this country. Our members fully understand that the situation brought on by the current Covid pandemic is a once in a lifetime event that has disrupted economies across the globe. During this time however there appears to have been an unfettered application of price increases to the cost of business which have been disturbing to say the least, particularly when we read reports of the significant profits being made by international container shipping companies. An example of this unfettered approach was the recent announcement by the national logistics operators that they would be applying a levy to all containers to cover their costs with dealing with the challenges of managing Covid amongst their workforces. Other examples include the removal of “free time” relating to container rental. Common practice has been to allow time for customers to unload and return containers without incurring ongoing rental charges for non-use. These practices are being steadily removed in response to the backlogs being experienced

What needs to change and why?

A review needs to be carried out into the practice of charging for services, potentially by the ACCC to determine the extent to which these practices might be non-competitive

Conclusion

The TMA and its members fully support the Federal Governments efforts in strengthening and maintaining the country’s biosecurity defences. We further support the need for this enquiry and look forward to further engagement as required

Sincerely

Gary Northover

Executive Director

Tractor and Machinery Association of Australia