

Productivity Commission
Liner Shipping (Part X) Inquiry
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Melbourne VIC 8003

28 April 1999

A Review of Part X of the Trade Practices Act 1974

The Australian Chamber of Shipping welcomes the opportunity to comment on the Issues Paper regarding the Productivity Commission's review of Part X of the Trade Practices Act 1974.

The Australian Chamber of Shipping is a broadly based body representing a wide range of businesses involved in providing International and Domestic shipping services in Australia.

The membership of the Chamber consists of ship owners, operators and agents working in all trades including, dry bulk, tankers, container, passenger and general cargo shipping. Chamber membership includes both conference members and independent operators.

This submission reflects in general terms the views of the Chamber on the key issues which will ensure the provision of, and long term improvement of, efficient, high quality shipping services to the Australian economy.

The Chamber leaves more detailed submissions to those of our members who are conference members, and those lines who have independent agreements registered with the Registrar of Shipping.

The Chamber considers it is important for Australia to have a regulatory regime which satisfies the needs of both exporters and shipping companies, which facilitates commercial arrangements, maximises efficiency and recognises the truly international nature of our shipping services.

The Chamber considers that Part X has proven to be an excellent example of even handed regulation that has achieved its major objectives to:

- Ensure continued access for Australian exporters to liner cargo shipping services of adequate frequency and reliability at internationally competitive freight rates;*
- Promote conditions that encourage stable access to export markets for exporters in all states and territories.*

In any general sense of the term the Chamber would consider that these objectives of Part X had been met.

All trades from Australia to major world markets and many lesser world markets, are adequately serviced and have been for many years. Any critic would be hard put to name a country or market that is currently inaccessible to Australian exports.

Australia has, for many years now, had the benefit of probably the most competitive freight rates in the world on a per tonne/kilometre basis. The effect of the Part X legislation is that freight rates negotiated under agreements, whether individual Line contracts or Conference contracts, are defined as maximum rate of freight. With the high degree of competition from all carriers freight rates are highly competitive.

This high level of competition and high level of service, within liner shipping was recognised by the ACCC in the recent Melbourne towage price review.

Stability of service has also been provided by the application of Part X. If Part X did not exist in its current form, there would be a great deal of difficulty under the provisions of the Trade Practices Act to allow shipping lines to agree on joint schedules, capacity sharing and the most efficient port coverage and service profile to exporters.

It must also be remembered that Australian trades are less than 2% of world international liner trade and Australian regulation needs to be compatible with the regimes of our major trading partners. No major problems have arisen in this area under the Part X legislation.

In conclusion the Australian Chamber of Shipping recommends that the current Part X regime be retained so that both shipping companies and exporters have the ability to enter, or use, Conference agreements or independent service arrangements as required by commercial circumstances. This was also the recommendation of the independent Brazil review of Part X in 1993 and the Chamber believes that no cogent reasons have arisen in the intervening years to justify the removal of Part X.

Yours sincerely,

*Alan Brundish
President*