

Productivity Commission  
Liner Shipping (Part X) Inquiry  
Locked Bag 2  
Collins Street East  
45 Collins Street  
Melbourne  
VICTORIA 8003

Dear Sirs

### **Review of Part X of the Trade Practices Act 1974**

The Sea Freight Council of Western Australia was established by the State Government in 1996 to address impediments to, and seek new opportunities for, cargo movements by sea through Western Australian ports. The Council comprises relevant senior decision makers from industry and Government. The Minister for Transport is a regular participant in Council discussions and receives advice from the group on a wide range of port and shipping issues.

Under that circumstance, it is appropriate that the Council make comment on your current enquiry. In doing so, we would make the point that this is by way of initial comment only. We would see our main submission to you being made following our further deliberations on the issue and the publication of your Position Paper around the middle of the year.

Western Australia has participated in each of the previous reviews of Part X. (These were both prior to the formation of the Sea Freight Council.) On each occasion, this State put the view that Part X serves a useful purpose and should be retained.

Underpinning the view was the recognition that Western Australia is heavily dependent on external trade and the efficient shipping links on which it is based. It was acknowledged that the nature of the international shipping industry warranted different treatment to domestic industries in respect of anti-competitive legislation for maximum efficiency to be achieved. In particular, the countervailing power afforded users of international shipping services in this country was seen as pivotal to an appropriate outcome.

Since these previous reviews of Part X, there have been some dramatic changes in the international shipping industry. The influence of shipping conferences has continued to decline in the face of aggressively competitive independent operators. The depressed

state of the industry has exacerbated this trend. Western Australian exporters and other service users have been the beneficiaries of these developments.

Given that this State's primary focus in respect of international shipping relates to its exporters, the current situation is a most satisfactory one.

However, there is keen awareness in Western Australia of the cyclical nature of international shipping. Responsible exporters recognise that the present position of extremely low rates and high capacity is not commercially sustainable in the long term. Already some indications of instability in the industry are appearing, with service withdrawals having already occurred and others rumoured.

The changes which are taking place in the international shipping industry at the present time, both in Australia and overseas, make it difficult to predict the direction and magnitude of the next phase in the cycle. Under this circumstance, users of liner shipping services in this country should continue to be afforded the sort of protection represented by Part X.

While arguably not as relevant in 1999 as it was in 1986 or 1993, the dates of the two previous reviews, Part X represents a potential source of stability during a period of uncertainty. It offers users of international shipping services a level of security which they may be exposed without as we move into the new millennium.

This is the theme which the Sea Freight Council intends to develop in its main submission to the present enquiry when it argues for the retention of Part X.

Yours sincerely

Chris Whitaker  
Chairman