



23 JUL 1999

Dr Neil Byron  
Presiding Commissioner  
International Liner Cargo Shipping Review  
Productivity Commission  
LB2 Collins St East  
MELBOURNE VIC 8003

Dear Dr Byron

**International Liner Cargo Shipping: A Review of Part X of the *Trade Practices Act 1974***

Thank-you for the opportunity for the Victorian Department of Infrastructure (DoI) to provide a submission to this inquiry.

Subject to the amelioration of issues raised below, the DoI supports the current regulatory arrangements for international liner cargo shipping as prescribed by Part X of the *Trade Practices Act 1974* (TPA). It believes that these arrangements are necessary given the idiosyncratic nature of the Australian seafreight market in terms of its "thinness" and "length".

Arguably, without these current arrangements, the risk and transaction costs associated with international liner cargo shipping in Australia would result in a lower level of frequency and reliability of service as well as failing to exert significant downward pressure on freight rates for Australian shippers.

In terms of monitoring the performance of the liner shipping industry, the reliability of data and the lack of information disclosure in the industry is an issue of concern. While there is no disputing the benefits that accrue from a bilateral monopoly arrangement between shipping conferences and buying coalitions (or between shipping conferences and individual shippers) the ability to effectively monitor these otherwise anti-competitive arrangements is subject to questioning.

Where possible, the requirement that liner shipping agreements pursuant to Part X of the TPA be made as transparent as possible in the interest of effective monitoring, should be a high priority. Currently, there is no requirement for transparency except in situations where requested so by the Minister or a formal complaint is made necessitating full information disclosure.

Notwithstanding commercial confidentiality considerations, the DoI believes that the interests of all concerned parties to liner cargo shipping arrangements would be better served if there was a requirement that such arrangements be made transparent. This requirement is not too dissimilar to what would prevail if Part X was removed.

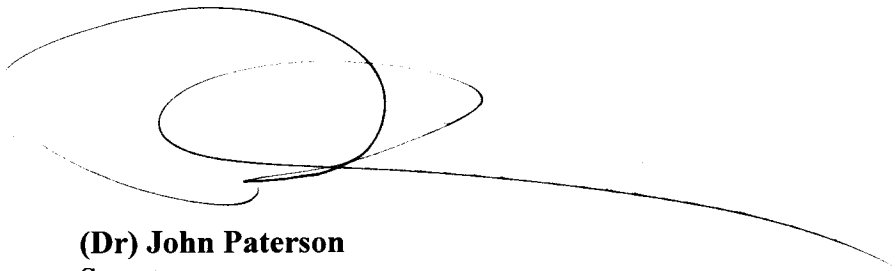
If this was to occur, all shipping conference arrangements would need to be authorised by the ACCC in which case the assessment of any claim for authorisation would be subject to a

process of public consultation. Therefore, in the absence of the authorisation process applying under Part X, transparency is not an unreasonable requirement.

Further, where conference agreements are submitted for registration, the Registrar of Liner Shipping should make these subject to public comment. Again, this would ensure that the interests of all relevant stakeholders are taken into account when conference arrangements are assessed for registration.

Again, thank-you for the opportunity for the DoI to provide a submission to the review of current liner shipping arrangements. If you wish to discuss any issues raised, please contact Mr Neil Aplin, Executive Director, Transport Economics and Policy, on telephone 9655 6857.

Yours sincerely,

A handwritten signature in black ink, consisting of a large, stylized 'P' followed by a long, sweeping horizontal line that extends to the right.

**(Dr) John Paterson**  
Secretary