

South Australian Shippers' Users' Group  
C/o International Trade Association of S.A.  
136 Greenhill Road  
**UNLEY SA 5061.**  
**Tel: (08) 8300 0087**

30 November 2004

The Productivity Commission  
PO Box 80  
**BELCONNEN ACT 2616**

Dear Sirs

**Submission to the 2004 Review of Part X of the  
Trade Practices Act 1974 International Liner Cargo Shipping**

The South Australian Shippers' Users' Group is a member of, and is represented by The Australian Peak Shippers' Association Inc., and has contributed to submissions submitted to the Review by that organisation.

South Australia, however, has some specific interests in the retention of, and successful function of, Part X. The main port of South Australia, Port Adelaide, together with Tasmania, is regarded by international shipping interests, in Carrier terms, as a "deviation", a matter recognised in the original concept of Part X, and over the years Part X has been essential in maintaining services to South Australia.

The original concept of Part X arose from recognition of Australia's isolation from passing trade, long distances from markets, and long distances between **multi-port discharge and loading**, and the need by shippers to be on a **level, balanced platform**, from which to conduct **commercial negotiation**, for outcomes successful for both parties, to achieve a regular scheduled service for **all Australian exports**.

Exporters involved since the inception of Part X, consider it has worked well, complicated only by attempts from various, often outside interests, to reinvent the Act mostly in their specific interests.

Part X was intended to provide the basic rules for **a commercial environment for experienced commercial negotiators from both sides**, to achieve **commercial outcomes**, and needs only to be **properly understood**, as originally intended, to again be quite adequate and successful.

Those familiar with the operation of the original Part X legislation, agree that it provides for all the important contingencies, in the hands of good commercial negotiators, but must be a balanced negotiating platform, which Part X legislation provides, to achieve its purpose. During the last twelve months, South Australian Shippers experienced the withdrawal of a service to the U.S. based on "deviation", and this was made possible, because our negotiating position was undermined, by the Carriers' introduction of illegal "non-binding discussion agreements", which enabled them to virtually dictate the outcome.

It is therefore essential from the South Australian Shippers' perspective, that Part X is retained in its original context, which has proven adequate over the years, and, as recently as the 1999 Review by the Productivity Commission was considered to be totally adequate without alteration.

**Pricing**

One of Shippers' Group's roles has been to negotiate tariff rates, and it remains vital for **general Shipper interests**, that this activity remains part of the Part X legislation. Provision is made in Part X for Shipper commodity groups to negotiate "Loyalty Agreements" to which access is available to negotiators on a non-confidential basis. As previously stated, Part X, if properly understood, provides for most contingencies.

Yours faithfully

For and on Behalf of  
South Australian Shippers' Users' Group

**Trevor Surman**  
**Chairman**

**CONTACT: Graham Keen**  
Tel: (08) 8333 4283  
Fax: (08) 8331 8991