

SAL15031

For Immediate Release

Competition Review recommends risky solution to fix non-existent problem in shipping – are they mad?

The Harper Competition Review Panel has recommended repeal of Part X of the CCA, despite the fact that it did not identify one problem with the current operation of the liner shipping industry.

If implemented, their recommendation will seriously disrupt and could dismantle the current, highly competitive international container shipping industry which provides high frequency, low cost services for Australian exporters and Australian consumers.

It would put Australia at odds with the regulatory regimes of our major trading partners; increase uncertainty and red tape compared with the current regulation, and promote instability in services and pricing.

Why recommend such high-risk legislative change when they could not find a problem that needs fixing?

“This is idealism gone mad,” Shipping Australia chief executive officer, Rod Nairn said. “I’d like to see the cost benefit analysis supporting their recommendation, but clearly they haven’t produced one.

“The Panel has again failed to understand the unique circumstance of international liner shipping and considers it to have similar economic characteristics to the international airline industry. This is fundamentally wrong.

“One could be forgiven for thinking that the Panel has not even read the comprehensive submissions provided by Shipping Australia Limited – they certainly did not take much notice.”

The Panel’s recommendation to replace regulatory certainty of Part X with a vague block exemption, subject to the whim of the ACCC, will create dangerous uncertainty. Anything falling outside these unknown limits will require the full authorisation process which the Panel has previously agreed *might lead to unnecessary compliance costs*.

Australian exporters, importers and consumers can only hope that the Government sees the folly of this recommendation and consigns it to the policy scrapheap along with other well meaning, ideology based but counterproductive initiatives.

“I urge the Government to listen to the advice of Australian exporters, shipping lines and peak industry bodies, who agree that the retention of Part X is in the public interest, and ignore this recommendation”, Rod Nairn emphasised.

Editor’s note:

For additional information contact Rod Nairn, chief executive officer on 0449 902 457.

Shipping Australia is a peak national shipping association comprising 36 member shipping lines and shipping agents that would be involved with over 70 per cent of Australia’s container and car trade, over 60 per cent of our break bulk and bulk trades, and significant cruise ship and tug operations.