



## WESTERN AUSTRALIAN PORT OPERATION TASK FORCE

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Darrell Channing  
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Australian Competition and Consumer Commission  
GPO Box 3131  
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Dear Mr Channing

### **Submission in Relation to the Application by DP World Australia Limited and Patrick Stevedores Operations Pty Ltd – Authorisations: A91238 – A91240**

As previously outlined in its interim submission, the WA Port Operation Task Force is an industry consultative body which was established in 1987 to provide a forum for identification, discussion and resolution of port-related issues (Terms of Reference have previously been provided). Membership is drawn from across industry and includes representatives of the road transport industry, customs brokers /freight forwarders, stevedores, container park operators, shipping lines, shippers, the Port Authority and relevant Government agencies. In this respect it is a reliable and comprehensive source of cross industry information

The Task Force therefore includes all of the parties involved in the development of the initiative to increase "dual running", the subject of the authorisation application. The matter has been discussed many times at Task Force meetings in the time since the initiative was originally conceived and has always been strongly supported by members.

The Task Force regards improvements in trucking productivity as critical to both managing impacts on the community and enhancing the efficiency of the container supply chain. Reduction in empty running by trucks, the primary aim of the "dual running" proposal, is considered to be central to productivity improvement.

The strategic importance of trucking productivity improvement cannot be over-emphasised. The Metropolitan Freight Network Review of 2002 identified the corridors servicing Fremantle Port as one of the key priorities for the Government to address, due largely to the community impacts associated with trucking movements along those corridors. If unresolved, these issues could pose a threat to the future efficient functioning of Fremantle Port and could possibly lead to the need to advance investment in additional port facilities in Cockburn Sound, at great cost to the shipping and general community.

The main points in this submission are:

- (i) The proposal is an initiative from Government and the industry, not from the stevedores. It was led concurrently by Government from a public interest perspective and by industry from an efficiency perspective. The intersection of these interests comes from a reduction in unnecessary truck trips to and from the Port which both reduces road congestion and community concern about trucks on roads and improves truck productivity, hence benefiting trucking operators and their clients, the shippers. The direct benefits to the stevedores are minimal and it took some time to persuade them to participate in the initiative. Ultimately, they have done so in recognition of the flow-on benefits to the container supply chain of which they are a critical part and to protect their large investments in the Inner Harbour by extending its life.
- (ii) There are no competition benefits to the stevedores from this arrangement as they are both involved and there is no impact from the initiative on respective market shares. The question of what the implications may be for a 3<sup>rd</sup> stevedore is more appropriately addressed in the broader question of how vehicle booking systems will work once there are new entrants – ie is a new entrant to become part of the existing Patricks/DPW VBS or does it set up its own? These are questions for the future and, while they should be recognised, they are not central to this Authorisation.
- (iii) While both Patricks and DPW have interests in carrier operations through associated companies, port cartage is an extremely competitive industry and the benefits of two-way loading are available to all. It is not reasonable to deny the benefits of the initiative to the community and industry generally on the grounds that those associated companies might also benefit.
- (iv) The view expressed that larger operators may be in a better position to take advantage of the Port Slots may be true though most carriers, both large and small, seem to focus mainly on either imports or exports. To take full advantage of the proposed change, carriers may need to make adjustments to their operations either through changing the balance of their own business or through alliances or other arrangements. An important feature of the proposal is that it both facilitates two-way loading and provides an incentive to carriers to make those adjustments. These are dynamic effects which may take time to have full effect. However the bottom line is fewer truck trips on the road system for a given amount of trade.
- (v) There is nothing in the proposal that could lead to a conclusion that there would not continue to be strong competition in this sector of the market. All operators will have access to the Port Slots and to the extent that they use them benefits will flow to the community and the supply chain.
- (vi) There are inherent difficulties with estimation of the magnitude of benefits flowing from this initiative. As noted above, current industry structures and practices are such that a lot of operators do not have the necessary balance of import and export business to take full advantage of balanced loading opportunities. Timing requirements of imports and exports also complicates the picture. However, the response from carriers provides strong indication that a number of Port Slots would be taken up immediately and that adjustments to structures and practices would follow once improved

opportunities for two-way loading became available (i.e. the dynamic effects mentioned above). The port freight task lends itself to back loading opportunities, unlike for example, the building industry in which trips can only be made with one way loading.

The new arrangement will not increase the number of slots available nor will it reduce them but it will make it possible for slots to be coordinated to the benefit of carriers. An education program is supported to ensure that carriers can take advantage of all of the opportunities that will be available.

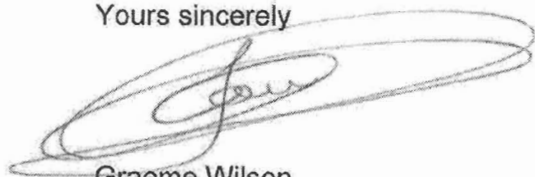
- (vii) From an Authorisation point of view, it is important to put the difficulty of benefits estimation into perspective. If the take-up of Port Slots is not substantial (and hence benefits are limited) so too would be any concerns about competitive effects, should they exist. On the other hand, if as expected the take up over time becomes substantial, then the benefits to community, environment and industry will be commensurately higher.
- (viii) The initiative needs to be seen in the context of a range of other strategies being pursued by Govt and industry to deal with the Inner Harbour landside issues and the truck volume issues in particular – it is not intended to be a panacea in its own right nor is it a one-off proposal being pursued in isolation of an overall strategy. This is a complicated issue which needs a multi-dimensional approach and Port Slots are an essential part of that mix.

To summarise, the proposal:

- Will result in a significant public benefit through increased truck utilisation providing reduced truck traffic on major metropolitan roads which will increase road capacity, improve safety and reduce noise and pollution;
- Will lower costs to industry which will provide flow on effects to the economy; and
- Is an important element in providing the ability to fully utilise the capacity of the Inner Harbour.

Thank you for the opportunity to comment.

Yours sincerely



Graeme Wilson  
Chairman

5/8/2010