



Trans-Tasman Economic Relations Study
New Zealand Productivity Commission
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Via Email

Dear Sirs/Madams,

New Zealand Shippers Council (NZSC) Submission to the Discussion Draft September 2012 on Strengthening economic relations between Australia and New Zealand

1. Introduction

- 1.1 The New Zealand Shippers Council appreciates the opportunity to submit to the discussion draft part of the joint study by the Australian and New Zealand Productivity Commission into trans Tasman economic relations.
- 1.2 The New Zealand Shippers' Council is an association of major cargo owners (importers and exporters) in New Zealand. The current membership of the Council includes companies and organisations with major interest in industries such as forestry, wood products, fruit, steel, dairy, meat and pulp and paper. Collectively the Council accounts for over 50% of New Zealand's total container exports by volume annually, a significant volume of imports and major spends in domestic transport.
- 1.3 The New Zealand Shippers' Council is a member of the Asian Shippers Council which in turn is a regional member of the Global Shippers Forum representing shippers throughout the world. Both organisations have contributed to this submission and the Global Shippers Forum has advised they will make their own submission drawing on international experience.

2 Scope of the NZSC Response

- 2.1 We will specifically address the recommendations on seafreight

DR4.11 To enhance competition and lower the price of services, the Australian and New Zealand Governments should remove- preferably on a coordinated basis – the exemption for international shipping ratemaking agreements from legislation governing restrictive trade practices.

The NZSC fully supports this recommendation. There is no evidence to suggest that continuation of exemptions is necessary now that global trade has developed over the last century when ratemaking arrangements first appeared. In fact a more open environment allows greater competition in principle and would clearly be in the interests of importers and exporters and ultimately the general public.

The International Freight Transport Inquiry by the NZ Productivity Commission in 2011/2012 researched international shipping in depth and found no valid reason for exemptions to remain. It was a comprehensive study and we detailed the conclusions and recommendations in our submission in May of this year so won't repeat them here.

While some factions point to some jurisdictions retaining the exemptions such as Singapore and Japan, there are more countries moving to remove or regulate them with the EU and US the biggest examples. Further there are many countries that never enacted exemptions for international shipping including Brazil, Russia, India, Norway and Turkey.

DR4.12 In order to establish benefits for the wider economy, when renewing the restrictions on competition for coastal shipping, the Australian government should adopt a broad cost-benefit framework and draw on the experience of New Zealand with its different regulatory approach.

The adoption of a cost-benefit approach is important to ensure the benefits are provided to the greatest number of people so the recommendation is sensible to compare two regimes.

Both countries share characteristics like distance to markets. Each country is a significant trading partner with the other. So it makes logical sense that both have standardised international shipping regulations and we believe the approach outlined by the NZPC is the right one.

Yours faithfully

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