

12th August, 2008.

Western Australian Ports – CIRA Review

Attn: Mr Corey Dykstra
Senior Manager
The Allen Consulting Group
Level 21
44 St Georges Terrace
PERTH WA 6000

Dear Sir

COAG Review of WA Ports.

Thank you for allowing my Organisation to make a submission under the “*Western Australian Ports – Competition and Infrastructure Reform Agreement Review*”.

Transport Forum WA Inc is “*the voice of the Transport Industry*” and we provide advocacy for our members who range from single owner drivers through to large nationally based transport and logistic companies.

The issues paper (page 3; Clause 1.4) summarises the basis or composition of any submission and I will endeavour to address only those where our Industry is affected.

From the outset our comments and issues addressed relate specifically to the Port of Fremantle.

Discussion Point 1:

The impact of having only two (2) stevedores is an issue for the Transport Industry. Limited competition breeds contempt and the service both provide is not only questionable but all their way.

The opportunity for a third stevedore is some time off; however, there is a need for their operations to realise the cost of transport operators servicing the Port is one that has an ongoing impact.

More later.....!

Discussion Point 2:

It should be noted at the ACCC has evaluated and undertaken investigations into the operations of both the Stevedores and the Container Parks.

Members of the Transport Industry have been interviewed and I am not privy to the subject matter, apart from expressing our utter frustrations of the:

- The VBS system;
 - The allocation of spots;
 - The manner in which certain time spots (usually prime) are blocked off for their own use or nominated companies;
 - Their inflexible approach to timing;
 - The manner in which fines are allocated for missing time slot, even though the delays are caused by the Stevedores and the Container Parks perse!

- The queuing to get into the Stevedores and Container Parks;
 - This was subject to ABCTV in their State Line Programme evaluating the poor business operations in Fremantle Ports which is causing poor work practices – inefficiencies and an Organisation (Fremantle Ports) not caring;

 - How can we reduce our carbon footprint when trucks have to sit and idle for a minimum of at least three to three and a half hours per day?

 - The cost of having a large capital item sitting on the side of the road for at least three hours is something that no one cares about and the transport industry asks – WHY?

 - We have not even mentioned the running costs – fuel and wages etc and no one seems to care – what would happen if transport removed their service for a couple of days, yes the answer would be mayhem and the cost to the State in both monetary and economic terms would be something Government would not want to consider!

- This, in my mind, is a major cause of the problem – we have a toothless/powerless Organisation (i.e. Fremantle Port Authority - FPA) having absolute no control over the business operations of something that really makes a Port a success or failure. The businesses, in question, have leases with the FPA and what we see is the boot is on the other foot – the FPA are subservient to the Stevedores and the Container Parks, which in reality is a complete mockery of the whole sordid mess transport operators are facing when trying to go about their business in a lawful and professional manner;

- The monopoly of power is something that the FPA are not afraid of and will not do anything about it. Thankfully, the Fremantle based key personnel in the Department of Planning & Infrastructure through their key representatives Mark Brownell and Vernon Durling do fight the issues – they do question the ongoing poor performance of the port operation and do realise the other businesses that are going about their business are not being screwed into the ground by a monopoly.

- Both entities (Container Parks and the Stevedores) do treat the transport industry as their servant and the “Master / Servant” relationship is alive and truly prospering in Fremantle. For too long the FPA have sat on their hands, pontificated on the hard decisions, when they should be beating the drum (they – FPA control the land) and both the container parks and the stevedores should walk to their (FPA) beat – not the other way around which is what is happening!

Discussion Point 3:

I will not be making a comment about this specific discussion point.

Discussion Point 4:

The operation of the rail between Fremantle Ports and the Forrestfield intermodal hub is an issue we, in the Transport Industry, wishes to make comment on...!

The Government offers a financial subsidy (\$\$) per container movement to Forrestfield and whilst the Transport Industry does not have any objections to the utilisation of rail we do have a concern with the manner in which the Government (our taxes) are paying for an operation to keep them afloat – especially as they are, in theory, a monopoly working against the transport operators and are being subsidised to undertake their day-to-day business.

I challenge the Government to remove the subsidy and see what the ramifications are!

This entity (Intermodal Link Services) receives the subsidy and still do not bring back the empties on the train as “they could not afford it”! Therefore, we have not overcome or reduced the problem of too many trucks on the road.

Once again, the road transport operators are being unfairly competed against as subsidies are keeping the rail open. In today’s open market let’s have an open playing field where we work!

Discussion Point 5:

Whilst vertical integration occurs when a single entity controls several steps in the production &/or distribution of a product or service, the container parks if they are taken over and fall under the ownership of a stevedore has the same impact. This means the Park controls virtually all of the movements transport operators have to undertake whilst dealing with the port operations.

Is this good or acceptable in today’s market place – NO!

Competition is good and our members operate in this aspect of their day-to-day operations. What is happening is that at every move, whether they are dealing with the Stevedores or the Container Parks their ability to receive a fair return for the capital invested in both hours and finance is affected by the operations of the aforementioned and we have no way to challenge this. Yes, the master / servant relationship is alive and well in Fremantle Port Operations.

Discussion Point 6:

Conflict of Interest is an area that can thrive in Fremantle. With DP World controlling the majority of the trade and their relationship with the container parks the little man is being squeezed into an unfair and cost prohibitive situation.

If P&O are allowed to proceed with the acquisition of Maersk, Bagleys 1,2 and 3 yards and Connaus, the industry will be developing into a monopoly and we, the transport industry, will controlled by one entity – a monopoly in any one’s language. This will be an unhealthy situation for all of industry and the service could expect would be minimal.

Conclusion:

The Transport Industry is extremely concerned with the manner in which the stevedores and container parks “rule the roost” and treat our industry with basic contempt when they are the root cause of most of the issues.

The unfair fine system is so one sided where transport operators get fined for being late, even though they are stuck outside on the entrance road and cannot get into the gate or even leave their trucks to tell the gate house where they are located.

Why can't transport operators “fine” the stevedores when their service is late – when they make you sit whilst their crew are having a tea break or lunch break?

What happens when their equipment breakdown – our operators have to either sit around or make other arrangements – at whose cost (the transport industry) – all one way!

The role of Fremantle Port Authority need addressing – if they cannot address the issues that arise give it to some entity that can. It took nearly 10 months to get electronic signs in situ replacing blackboards that were clean after the first shower of rain. (A very poor operational sense of responsibility)

The future growth of the Fremantle Ports is one of continued growth. The issues of servicing the Port through the existing road structure and the “on site” facilities or amenities are extremely poor. The road that services the Port must not be allowed to have housing near it – we have a major freight route that may have a pedestrian crossing so people can access the beach. Remember we cannot have another farce like Leach Highway.

Thank you for the opportunity to express our thoughts and concerns in relation to the Fremantle Port Operation and the effect it has on the transport industry.

Yours faithfully

IAN KING

Chief Executive Officer.