
Pricing

Stevedoring under ACCC focus

On 23 November 1999 the Commission issued its first report on the monitoring of container stevedoring prices, costs and profits.

The Commission had been asked in January 1999 by the Treasurer to monitor prices, costs and profits of container terminal operator companies at the ports of Adelaide, Brisbane, Burnie, Fremantle, Melbourne and Sydney.

The monitoring program aims to help provide information to the Government and wider community about the progress of waterfront reform. It is also to provide information about the absorption of the stevedoring levy by the stevedores.

As part of the Government's reform strategy, funds were provided to ensure that all stevedoring employees made redundant as part of the reform process received full redundancy entitlements. A levy on the loading and unloading of containers and cars for export and import was to be applied to repay these funds. The stevedores agreed to absorb the full cost of the levy.

The report sets out the methodology for the monitoring program that will be expected to be in place for a number of years. It provides some early findings drawn from the period of 1 February (the commencement of the levy) to June 1999. These indicate that the container stevedoring companies have, overall, absorbed the cost of the levy during this initial monitoring period.

The Australian stevedore, Patrick, shed a significant part of its workforce in 1998 and the cost structure analysed in the report is the result of this restructuring. As P&O Ports Ltd finalised its restructuring program after the monitoring period was complete (August

1999), the next monitoring report will show the effect of these changes.

The report indicates that there have not been significant reductions in container stevedoring rates during the monitoring period.

When information from the previous stevedore-monitoring program conducted by the Prices Surveillance Authority is combined with recent Commission monitoring data, it is possible to draw out some longer-term trends.

The trend indicates that prices and costs in the monitored period are significantly below the levels they were in 1995 when the previous monitoring program ended. Most of the reductions in average revenue would seem to have occurred in the years 1996 and 1997. However, no rate reductions have been detected in the current monitoring period.

Copies of the report are available from all Commission offices in each State and Territory capital and also Townsville and Tamworth for \$10.