CORRECTED VERSION

STANDING COMMITTEE ON FINANCE AND PUBLIC ADMINISTRATION

Inquiry into Port Phillip Bay: channel deepening

Melbourne — 6 June 2006

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Mr D. Minnis, deputy chair, and

Mr M. Summers, chief executive officer, Australian Horticultural Exporters Association.

The CHAIR — I welcome Mr David Minnis, the deputy chairman of the Australian Horticultural Exporters Association, and Mr Maxwell Summers, the chief executive of the association. All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and further subject to the provisions of the Legislative Council standing orders. Any comments made outside the precincts of the hearing are not afforded such privilege. All evidence is being recorded by Hansard. Witnesses will be provided with a proof version of the transcript in the next couple of days for any corrections. I now invite you to make an opening statement or proceed to questions.

Mr MINNIS — Thank you. I thought I would just give a quick overview of horticulture, if I may, because you may not be terribly acquainted with our industry. If we look at the whole of horticulture, including the wine industry, farm-gate value is $7.8 billion, which makes it the second-largest agricultural industry in Australia. It is not often perceived that way because it is made up of many sections. If we look at rural employment and regional employment — Horticulture Australia, the peak industry body based in Sydney, estimates that 15 per cent of the rural workforce is involved in horticulture around Australia, so it is a very, very important industry in terms of regional employment.

In terms of exports, our organisation is only concerned with the export of fresh fruit and vegetables. That does not include wine or processed fruit and vegetables. It does not include nuts, which by and large are farmed by corporations which tend not to be terribly interested in joining industry associations; they like to do their own thing.

The fresh fruit and vegetable industry is struggling to be internationally competitive at the moment because of the dollar, the high exchange rate and the drought, and we certainly have production declines in Sunraysia and other areas where water availability is restricted. So it is not only the drought but also the cost and the availability of water which are restricting production. The other issue that really restricts our ability to export to the world is market access, and fruit fly is one of the quarantine concerns that continually comes up on our radar and prevents us from sending fruit to various parts of the world. As an exporter of stone fruit from the Goulburn Valley and Swan Hill, currently I cannot export stone fruit to the USA, Japan, Korea, China, the Philippines or India. So that really restricts our ability to get our product overseas. Unlike a lot of rural industries that have got much better access to markets, horticulture is severely restricted.

We export all in containers. We use refrigerated containers for 100 per cent of our trade out of Australia, other than citrus to the USA, where we operate charters out of the port of Adelaide. About 1.4 million cartons of oranges and mandarins are shipped to the USA using charter vessels, but the current charter market is very expensive, and industries are now moving more and more into containerised trade. Unlike the wheat industry, which largely exports bulk in bulk freight carriers, we export everything in containers, and therefore the operations of the port here in Melbourne are very important to us. That gives a quick overview, which leads on to the comments that we would like to make through Max.

Mr SUMMERS — Thank you. We have made a submission of a number of pages. The first 12 points I would like to speak to, if I may, and make additional comments on various claims that the port of Melbourne project rationale has made. Perhaps we would could use those as supporting comments for any questions to come on.

The CHAIR — The committee is keen to proceed to questions, given the limited time, so please keep your comments fairly brief and highlight the main points.

Mr SUMMERS — Yes. Thank you. If I can speak just very briefly to these comments.

The CHAIR — Certainly.

Mr SUMMERS — First of all, the exporters of fresh fruit and vegetables have not been consulted by the Port of Melbourne about its plans to dredge the channels in Port Phillip Bay. In fact we had our first meeting with the CEO of the Port of Melbourne on 18 March of this year. I wanted to make that point. Secondly, it should be noted that the Victorian Farmers Federation does not represent the views of the horticultural exporters.

Mr TEE — That much is clear.

Mr SUMMERS — They are primarily concerned in dairy and wheat farmer-type issues, and, as David indicated, we are very much interested in containerisation and shipments primarily out of the port of Melbourne. Thirdly, the decision to charge a channel deepening fee from 1 April is seen as charging a toll before the freeway is built and is very unpopular with port users at this point in time. The other part to that is that we have attached a copy of a bill of lading, and it is quite apparent that these fees are not transparent — the ones that are passed on by shipping lines. Often exporters are just not aware of what they are paying for.

Fourthly, Australian exporters of fresh fruit and vegetables do not generate sufficient volumes of trade to justify larger ships servicing the port of Melbourne, in our opinion. In fact the export trade has declined to a point where shipping lines are reluctant to position enough refrigerated containers at the port of Melbourne to service exporter needs, because they have to deliver containers out of Asia empty at additional costs.

The fifth point is that we believe the business case for the channel deepening project cannot be justified at this time on the basis of exports when, on average, 40 per cent of containers shipped out of the port of Melbourne leave empty as they need to be repositioned in Asia to supply the south-bound trade.

Point 6: in the business case there seems to have been an absence of solicited views from shipping lines themselves to determine their future requirements about ship sizes and draughts. As a result, the Port of Melbourne has apparently jumped to the conclusion that if a ship sails only 60 per cent full, then it is because of channel deepening restrictions. Our view is that it is the worst-case scenario — it is due to a lack of trade, not due to draught restrictions.

Point 7: shipping lines earn as much as 10 times more in freight on a container of imported goods in a dry box than they would for the same box going back to the same market in Asia. So weak is the export trade at the moment out of the port of Melbourne that some lines offer dry containers to potential exporters free of freight so that they can reposition that box in a northern port. The business case for this project, we believe, can only be justified on the basis of the growing volume of imports and not on the growth in exports in the foreseeable future.

Point 8: large ships sailing south from Asia with imports make their first port of call at Sydney, which remains Australia’s biggest import port. Their second port of call is the port of Melbourne, which is primarily an export port. Therefore, ships will mostly arrive less than full into the port of Melbourne, and, as we have indicated, they will leave the port of Melbourne less than full, so the need for deep draughts is questionable.

Point 9: the port charges, including channel deepening fees, seem to be inequitable for exporters as they are not charged on ships with a draught of less than 12.2 metres, but exporters using those ships are still required to pay that surcharge.

Point 10: it is the view of the AHEA that increased port costs will make the port one of the most expensive ports in Australia for horticultural exports. We are already seeing exporters looking at alternative ports such as the port of Adelaide because it is cheaper in road freight costs and import costs. Therefore we draw the conclusion that export usage projections supporting the business case for channel deepening indicating growth may in fact be grossly exaggerated.

Point 11: it is our view that it is scandalous that the Victorian government has remained short-sighted and has ignored its responsibility to invest more money in infrastructure for the long-term future of all Victorians by only agreeing to pay $150 million towards the cost of channel deepening, which in round terms is about 15 per cent of the total project funds, given that it has sold off Victoria Harbour to the Docklands Authority, it has sold off the World Trade Centre, and it gains around about $40 million a year in fees from the Port of Melbourne.

Our final comment is that the AHEA believes that as the business case for this expenditure is around about $1 billion, or heading that way, it could only be justified on the basis of a growth of imports and trade, so struggling exporters who do not need these additional benefits should not have to pay any surcharge at all, and the full cost of channel deepening should be borne by importers.

The CHAIR — Thank you for this addition to the original submission. Specifically in relation to the ninth point you made, can you expand on your reference to exporters using those ships still being charged a surcharge?

Mr SUMMERS — It is our understanding that ships that require less than 12.2 metres of draught do not incur a surcharge or a port channel deepening charge. However, the exporters who ship on those ships are required to pay a surcharge.

The CHAIR — Required by whom to pay the surcharge? Where is it — —

Mr SUMMERS — By the Port of Melbourne, as part of its port service charge.

Mr BARBER — On every container?

Mr SUMMERS — Yes, on every container.

Mr MINNIS — All containers pay the fee, as that bill of lading shows at item 4. We are already being billed. At item 4, the $148 on that bill of lading is port service charges, and that includes the channel deepening fee. In other words, there are very few ships at the moment that come into the port of Melbourne that require deep draught. There is only one line, to our knowledge, that requires deep draught. All of the other vessels are shallow draught, and for our trade, they are the sort of vessels that we ship to Asia and to Europe on. Therefore we are paying a fee for vessels because we use containers, not because the vessel is using the deeper channels.

Mr HALL — What was that port services charge prior to 1 April?

Mr MINNIS — It was about $76.

Mr HALL — And it has gone from $76 to $148?

Mr MINNIS — That is for one 40-foot unit. That is a 40-foot container, so two TEUs.

The CHAIR — Two TEUs.

Mr MINNIS — Yes.

The CHAIR — The other point related to that was at point no 10, where you indicated that the surcharge will make the port of Melbourne more expensive. The evidence this committee has received thus far is that the surcharge will only bring the port of Melbourne up to parity with the other major ports; you are saying that is not the case?

Mr SUMMERS — It is our understanding that it will be equal to or dearer than other ports. For example, it is our understanding that the port of Brisbane, which undergoes regular dredging, recovers its costs in a different way altogether and does not put a surcharge on users of the port at all. As a result, it is cheaper to ship out of the port of Brisbane than it would be to ship out of the port of Melbourne. That is our understanding.

The CHAIR — The base container charge in Brisbane, you are saying, is less than what is now being charged in Melbourne?

Mr SUMMERS — Our understanding is that the recovery of costs for dredging in the port of Brisbane is not incurred by port users.

The CHAIR — No, but what level is the container charge in Brisbane set at? It may not include a specific charge for dredging, but if it is already double what Melbourne was previously charging, it still will not be any more competitive than Melbourne after the levy has been added. That is my point.

Mr SUMMERS — I understand your point. I do not have that figure there, but my understanding was that this additional surcharge makes it more expensive. It obviously makes it more expensive to ship out of the port of Melbourne, and it is equal to or higher than others. That is our understanding now. I may be incorrect there.

Mr VINEY — You make the comment in your submission that you were not consulted on this project until 18 March this year. Can I ask: did your organisation put in a submission to the original EES process in 2004?

Mr SUMMERS — I do not believe we did.

Mr MINNIS — No, we did not.

Mr VINEY — What about in the supplementary EES process in 2005; did you put any submission in to that?

Mr SUMMERS — I do not think we did directly. It would have been on the basis of our involvement with APSA, the Australia Peak Shippers Association.

Mr MINNIS — Yes.

Mr SUMMERS — They would have been our spokesperson in that case.

Mr VINEY — There were public consultation processes conducted by the independent panel investigating the project in June and July last year. Did you go to those consultations?

Mr MINNIS — No, we did not.

Mr VINEY — I take it from reading your submission and hearing it now that you have the view that for various reasons you do not agree that there is the need for channel deepening, I guess, in terms of the deep draught vessels; you do not think that they are going to be required to come in here. Therefore you take the view that you should not be required to contribute to the costs of the project, which I guess is the essence of your submission; is that right?

Mr MINNIS — Well, we would question right from the beginning that the deeper draught is required for these larger vessels. There is no assurance that these larger vessels will come to Australia. The main shipping routes are in the Northern Hemisphere and we are on a trunk line — that is ostensibly what we are. As I said before, to our knowledge there is only one shipping line that brings in vessels of the size that would require that draught. Certainly people in our industry do not envisage that in the near future we will be exporting the volumes that would justify it. In fact the figures that the Port of Melbourne used for the daily throughput of fruit and vegetables across the port of Melbourne are totally inaccurate. They were 2200 tonnes per day, which is 800 000 tonnes per year. At the very best it is 500 000 tonnes of imports and exports of fruit and vegetables going through the port of Melbourne, so it is out by 300 000 tonnes. If that figure is open to question, you have to ask the question: how good are all the other figures in the document?

Mr VINEY — Well, we will check those things with the Port of Melbourne Corporation later. I guess my question is: are you aware of all the parameters of the project; are you across all the things that are being done as part of this project?

Mr MINNIS — Yes, we certainly are, even though we have not appeared. At the end of the day, we are a small association made up of businesses — I am a commercial trader; I do not get paid to be deputy chairman of the association — so we are not in the position to appear all the time.

Mr VINEY — No, I appreciate that.

Mr MINNIS — But we are well aware of all the arguments and we would question some of the rationale, certainly from our industry’s point of view, that has been used to justify the business case for this project.

Mr VINEY — Do you support all the non-dredging elements of the project, all the projects associated with the harbour-side work that has been done, the improvements to all the infrastructure associated with the port — set aside the dredging part — all the other things that are happening as part of the project?

Mr MINNIS — Look, if we can improve the efficiency of the port, we are obviously interested in that. I do take note of the comment made by John Lines from Shipping Australia that the days of river ports are gone and that greenfield sites are the way. Most capital cities around the world have moved their port facilities out of the CBD area of major cities. Certainly there will be a continuing problem in manoeuvring these big vessels in the River Yarra. So, to accommodate that, we understand and appreciate that they are going to have to dig the channels out, expand the wharves, strengthen the wharves and put in larger cranes. All that sort of infrastructure has to go in to make the port acceptable to these larger vessels.

Mr BARBER — Did you mean dig the berths out, when you said dig the channels out?

Mr MINNIS — Dig the berths out, yes, that is what I meant — East Swanson Dock, principally. That work is being done as a result of the requirement for the larger vessels.

Mr VINEY — I guess what I am getting to is: if all that work is being done, do you think that it is reasonable to be doing that work as well? Is that helpful to your industry, all that other work that is associated? Putting aside the issue of the deeper draught vessels — I accept your evidence that you do not support that — there is a lot of other work going into this project as well, isn't there?

Mr MINNIS — Sure, and if that can improve the efficiency of the port, that would obviously be helpful. One of our concerns is that as an exporter when I deliver a container to the port of Melbourne — and I am loading fruit at Swan Hill — it has a half-hour timeslot to be delivered to the port of Melbourne. If that truck arrives late, I get charged a late fee. If the driver is stuck in a queue, I have to pay additional charges, because the trucking company is incurring extra costs. If we are going to double or quadruple the number of containers, it defies logic how we are going to cope with that, unless the port of Melbourne can come up with a more streamlined and efficient system of receiving containers. If they are going to be largely delivered by road, I for the life of me cannot see how I am not going to incur extra costs in the delivery of my containers to the port of Melbourne.

Mr VINEY — I agree with you. I think we might be in agreement here. What I am putting to you is that part of this project in fact is about improving the efficiency on the docks as well as the channel deepening, isn't it? If the vessels are going to be larger and we are going to be bringing in more containers, we have to do more infrastructure improvements to the port itself, and that is part of this project. I guess what I am asking is: do you agree that users of the port should be reasonably expected to contribute to the cost of that component at least, even if you disagree with the channel deepening component? In other words, do you agree that users of the port need to pay for, contribute to the cost of, that infrastructure?

Mr MINNIS — But it is based on the premise that these larger vessels will come to Australia. Maybe it is imports that will drive it, but at the moment it is certainly not exports. When we are talking about 40 per cent of all the containers leaving the port of Melbourne empty, that is all export trade; it is not fruit and vegetables.

Mr VINEY — And if the port is more efficient, your industry will benefit, though, will it not? As a result of this other additional work — navigation aids, improved safety, improved movement on and off the docks, and all of that work that has been part of this project — your industry will benefit from that work?

Mr MINNIS — It depends how much of the costs are passed on to industry. At the moment it is $850 million.

Mr HALL — Thank you for your submission this morning. Looking at the submission you have made a number of claims challenging some of the assumptions made by the port of Melbourne in terms of its project rationale. It seems to me there are some serious issues within those claims that you have raised. In what forum have you put forward those concerns that you have?

Mr SUMMERS — We have put them through the shipping organisation that we work with and are a member of, which is APSA, and I understand it has had dialogue with the Port of Melbourne over a number of years. I understand there has been a number of exchanges of letters raising a number of these issues.

Mr HALL — Did you raise these issues with Stephen Bradford when you met with him on 18 March?

Mr SUMMERS — Yes, I did, perhaps not about all of these issues, but I talked generally about our feelings and our views on various issues.

Mr HALL — And particularly the area you have pointed out in terms of the amount of fresh fruit and vegetables being imported and exported — and I think David mentioned that before — how can they respond to that if there such a gross or 100 per cent inaccuracy in those figures, which you are claiming? What was the response?

Mr SUMMERS — That matter was not raised at the meeting with Stephen Bradford. That has really come out of subsequent analysis of the business case. It really became apparent when we looked at ABS data. We obviously have a feel for the amount of tonnage that goes out of the port of Melbourne, and we felt it was a bit high. When we married up ABS data with this data we were surprised to see that there seems to be a discrepancy. I do not know why, but it is quite significant, and it is probably 50 per cent higher than it should be, in our opinion.

Mr HALL — So this is the first forum today in which really you have raised these issues in a public forum?

Mr SUMMERS — That specific issue, that is correct.

Mr BARBER — Your stuff goes out in refrigerated containers mostly?

Mr MINNIS — Correct.

Mr BARBER — How many of those containers went out last year from your members?

Mr MINNIS — Out of the port of Melbourne?

Mr BARBER — Yes.

Mr MINNIS — We used to say 5000 containers a year, but with the drought it is probably less than that. To give you an idea of costs, if I was to ship a dry-box container to Hong Kong, I might pay $300 in freight; if I ship a refrigerated 40-foot container full of fruit, I pay nearly $6000 a container.

Mr BARBER — In regard to this bill of lading that you have provided in your statement here, you say it is not very transparent, but can you give me a rough idea or a rough breakdown of what you are facing for that export component of your crop?

Mr MINNIS — It is not much — well, it is $70 a 40-foot unit. There is a cost of $148 there. The first item is freight, and then there are a whole range of other costs. There is quite a lot of costs there that keep being added on. The shipping companies are very good at adding fees on. We used to pay a $5 document fee which was introduced, and which we fought against because we knew it would climb. It is now $65 — for them to print our bill of lading. If the channel deepening fee is now $71 to $73 for a 40-foot container and the costs of the project blow out and continuing dredging is required to maintain the channel, what will be the fee in five years time? It might be $250.

Mr BARBER — They do about 2 million containers, and you are 5000 of those. I presume that is TEU, not 40-foot?

Mr MINNIS — That is TEUs.

Mr BARBER — Does that make you pretty much a captive customer anyway?

Mr MINNIS — We are a captive customer to the shipping lines. We are not in the position of a Murray Goulburn company, which exports 23 000 containers a year; and if a shipping line tries to put on an extra fee, Murray Goulburn says to the shipping line, ‘We will go elsewhere. We are not going to pay that’.

Mr BARBER — Where do they mean — a different line?

Mr MINNIS — To a different line?

Mr BARBER — But I am asking you from the point of view of a port and its charges. You cannot go from Swan Hill to Adelaide.

Mr MINNIS — We can. In fact this year there was a significant movement of cargo out of the Sunraysia region to Adelaide because of the saving in road freight and fuel tax; and Adelaide is encouraging us to use the port of Adelaide through a range of incentives.

Mr BARBER — So you have some choices, but the port of Melbourne is obvious — the port knows what Adelaide’s structure is?

Mr MINNIS — Of course, and a lot of ships do not call into the port of Adelaide. The port of Melbourne is the focal point. It is the largest container terminal port in the Southern Hemisphere, so of course a lot more shipping comes into this port.

Mr BARBER — Do you much about the growth in horticultural containerised exports through Melbourne over the last 10 years, what the rate of growth has been?

Mr MINNIS — It has declined, because exports have declined. In 2002–03, when the dollar was about 72 cents, we exported $830 million of fresh fruit and vegetables. We now export $500 million, with an exchange rate of 95. In our paper there is a graph there on page 7 which shows the sensitivity of currency to the export performance of horticulture.

Mr BARBER — Yes, I saw that. So when the port is projecting 5–6 per cent as an ongoing rate for 30 years for containers, that will not be coming from you guys?

Mr MINNIS — It certainly will not unfortunately.

Mr BARBER — Depending on the Aussie dollar and the like?

Mr MINNIS — Exactly, and that is the same with all commodity trades. At the moment the wheat price is $440 a tonne; it was $210 a tonne. It fluctuates, so it is very hard to project, but for our trade we have faced increasing competition from Chile, South Africa, Argentina and China — all low-cost labour countries.

Mr BARBER — There is almost as much in horticultural imports as there is in exports, according to your ABS figures?

Mr MINNIS — Imports have grown enormously. I have to say our most prosperous members of the association are those that are importing as much as they can. So we have seen exports decline by $300 million and imports increase by $200 million in the last five years. That is a $500 million turnaround in terms of trade.

Mr BARBER — You are called the Australian Horticultural Exporters Association but you have got members who are importers?

Mr MINNIS — Yes.

Mr BARBER — How many members do you have?

Mr MINNIS — We have about 80 per cent of all the members that do the trade. We have got about 80 members. We are characterised by small business. There would not be one exporter probably that would export more than $30 million. We are small traders, but we own the goods at the time of shipment. We do not sell on consignment; we sell forward. We are the owners of the cargo, and that is why we are paying the channel-deepening fee — not the growers.

Mr BARBER — So basically it is a 5000 container customer.

Mr MINNIS — Out of the port of Melbourne.

Mr BARBER — The port does not treat you like a big customer.

Mr MINNIS — Why would it?

Mr BARBER — I am just asking.

Earlier on when we were talking about developments around the port and you said you got support for some developments, are you basically saying that you certainly want the port to invest on the land side and around the berths? Have you got particular other projects that you think the port should be investing in there?

Mr MINNIS — We have certainly been interested in the efficiency of the cranes at the port of Melbourne. That has improved dramatically from about, from memory, about 14 TEUs per hour to 24, 25. That is a great improvement in productivity. One of our main concerns is access to the port of Melbourne when we have got problems with refrigeration in cargo — that has been an issue — and the monitoring of containers while they are alongside, waiting to be loaded onto vessels. That has been an issue with us, but in terms of the efficiency of the port, the receival of goods at the port, that is of concern to us. For a long time we had queues outside the port of Melbourne and a truck would be in a queue for 4 or 5 hours. When it is 40 degrees in summer, that is not ideal.

Mr BARBER — So mainly that stuff you said earlier?

Mr MINNIS — Yes.

Mr BARBER — The whole basis of the benefits of this project are about savings made by shipping companies that are then passed on to customers.

Mr MINNIS — Yes.

Mr BARBER — I think their figure is that basically 99 per cent — or their analysis requires 99 per cent — of those savings to be passed through. Obviously your submission is that you think all those benefits will be retained by the shipping companies. Is that just from your point of view because, as you say, you are a small customer? You said Goulburn Murray would not cop extra charges.

Mr MINNIS — It could vary. First of all, we are saying of the containers that 60 per cent are full, 40 per cent are empty, then shipping lines are bearing a cost repositioning those containers into Asia to fill up with cheap imports from China. It is costing them to reposition the containers back into Asia. Why would they not try and recover that with savings if they do bring the larger vessels to Australia and to the port of Melbourne?

In other words, there is nothing that would compel them to necessarily pass all these advantages on to us. They may; they may not. At the moment they would certainly be looking to recover the cost of this repositioning of containers into Asia. There are vessels that leave the port of Melbourne that have huge numbers of empty containers — dry box principally, not reefer. Reefers by and large are fully used by the dairy industry, the horticultural industry and others that require refrigeration.

In terms of dry boxes, it is costing them to constantly reposition empty boxes back into Asia, and therefore that is a cost which they would look to recover some other way. I would think that would eat away at the supposed advantage and cost savings that we will receive from the channel-deepening project.

Mr TEE — I just wanted to pick up your point that this is really focused on importers — or at least the benefits are weighted towards importers — rather than exporters. I suppose I want to see how that fits with the evidence that we had from the VFF yesterday where it said that agriculture is a third of Victorian exports, worth about $7.6 billion. It is the biggest single export. Their view was, and they quote, that channel deepening is ‘vital for the agricultural sector to remain internationally competitive’. I suppose I am trying to grapple your views really with that view. I am wondering if you could help me navigate a way through.

Mr MINNIS — Traditionally the grain industry has exported in bulk carriers out of the port of Geelong and the port of Portland. That may change now because there is a world shortage of bulk carriers which are being converted to carrying minerals and coal. Therefore their price has gone up. That is why the grain industry currently is looking at using containers, virtually for the first time. Up until now, to my knowledge, it is only the rice industry which bags the rice up in New South Wales, sends it down by train and sends out in containers. But at the moment there are no rice exports because of the drought.

Basically if we are looking at grain, my belief is that— and I can speak from some experience; I was at one stage in my career in charge of all fruit and grain inspection for the state of Victoria — pulses and legumes and lentils and rice went out in containers, but wheat, barley, oats, all the big items went out in bulk carriers, not in containers. Dairy products by and large go out in containers — either reefer or dry box — casein and products that are temperature stable do not have to go out in reefer containers.

They are making a general statement, but I do not really know if they have got close enough to the action. I do not know if they really know what their members are saying. They are repeating comments that may be in a general sense, but whether they really know how the trade operates, I do not know.

Mr GUY — In your submission you have outlined a number of problems, some issues with the port of Melbourne. I just wanted to work out: are they mainly operation, efficiency, management, infrastructure? What are your major issues that you obviously have with the Port of Melbourne?

Mr MINNIS — At the moment we find that delivery of product to the port could be improved. The way in which we get access to the port of Melbourne, as I mentioned before, could be improved.

Mr GUY — That access issue, is that infrastructure related or is that being held up by poor management? What do you mean when you say you have got people waiting?

Mr MINNIS — It is more procedural. Our major problem in exporting fresh fruit and vegetables is the availability of reefer containers, so it is not so much the port itself. At the moment the port, in our view, probably works quite okay for our industry. Whether there is the need to increase the capacity, as this business case is suggesting, is the question we ask.

The availability of reefer containers, which is symptomatic of the comment that I made earlier — that we are at the end of a trunk line and shipping companies do not want to position expensive reefer containers down at Australia if they are not sure that they are going to be used or not going to be used for two or three months. In other words, those containers sit here unused. That is a cost and our competitors are able, with their increased volumes, to commit to exporting to various markets. We find it increasingly difficult and the drought has not helped. The port itself at the moment is adequate for our industry. There are these procedural issues that we could improve but that would be the major impediment.

Mr GUY — No more questions, thank you.

Mr BARBER — Just a very quick one: your submission reads very similar to the Peak Shippers Association, you are obviously of one mind on this?

Mr MINNIS — We are.

Mr BARBER — Who are the other members of the peak shippers, its other associations like you?

Mr SUMMERS — Other members? I do not have the list in my mind but certainly Murray Goulburn is a member, the wool people are members, the cotton people are members, I think the rice people are members, the BlueScope Steel people are members, the Motor Vehicle Movers are members. There is a broad cross-section and our primary interest is obviously in food and in like industries that use reefers, like we are required to do.

Mr BARBER — And you have all collectively, and individually as well, got a role through the Trade Practices Act so you must collectively be a pretty big customer of the port?

Mr SUMMERS — Collectively, yes, I think that members of APSA would represent a substantial number of movements of goods through the port.

The CHAIR — Mr Minnis and Mr Summers, thank you for your testimony here this morning. The committee appreciates your submission and the supplementary submission we have received today. We will have a draft version of the transcript to you in the next couple of days for any corrections. Thank you very much.

Witnesses withdrew.