MEDIA RELEASE

MRC 044

“STEVEDORING AND HANDLING SERVICES WILL BE SUBJECT TO PRICE MONITORING”

The Independent Consumer and Competition Commission (“ICCC”) today released its Draft Report on Stevedoring and Handling Industry Pricing Review on the declared monitored services. The inquiry was to determine whether or not price monitoring, whether or not in its current form should be re-instated or abandoned. The ICCC invites comments on the Draft Report and its recommendations.

The ICCC is empowered by the ICCC Act and Prices Regulation Act to control or monitor the prices and efficiency of supply of certain goods and services which have been declared by the Minister for Treasury of which stevedoring and handling services is one of them.

When releasing the Draft Report, Dr Billy Manoka, Commissioner and Chief Executive Officer of ICCC said that the Commission finds that the industry lacks competition. Nearly all ports are serviced by single stevedores and a significant degree of vertical ownership linkages between stevedores, shipping lines, shipping agents is evident. The vertical linkages create effective horizontal linkages thus allowing a significant degree of market concentration. Entry into the market is limited by high market concentration and behavioural incentives of incumbent stevedores and their landowner shareholders. Under the previous monitoring arrangement, many stevedores have failed to provide the Commission with the statutory information required including the list of new stevedoring and handling services that are being provided, but that is proposed to be remedied in the monitoring processes to be instituted.

Dr. Manoka said: “With the preliminary findings of lack of competition in the market, the ICCC believes there is merit in continuing some form of regulatory oversight possibly price monitoring. The ICCC propose to apply the price monitoring over the next five years commencing March 2014. This will include monitoring the charges of the declared monitored stevedoring and handling services against benchmark prices.”

Dr Manoka further reiterated that "When responses to the Draft Report are received, the ICCC will make final assessments of the level of competition and barriers to entry in the stevedoring market, the level of countervailing power of users of stevedoring services, if any, availability of substitute services and also any behaviour that may lessen competition in the market. These assessments are vital to assist the ICCC determine the appropriate price regulation, if any, for the industry."
He added: “The ICCC encourages all relevant stakeholders to provide their views on the Commission’s preliminary findings and recommendations which will be taken into consideration when presenting its Final Report and Determination. He thanked organizations that have contributed to the inquiry process to date, noting that their input has greatly assisted the Commission in developing its preliminary position.

Authorized By:

DR. BILLY MANOKA (PhD)
COMMISSIONER & CHIEF EXECUTIVE OFFICER

19th December 2013