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Productivity Commission examines performance of international freight transport sector

Local authority ownership of ports, and the ways in which competition, co-operation and regulation play out in international freight transport are scrutinised in an Issues Paper released by the Productivity Commission today.

The Commission wants public submissions on the Issues Paper to shape its inquiry into the performance of international freight transport services.

Releasing the Issues Paper, Commission Chairman Murray Sherwin said the inquiry would explore some important and contentious issues for New Zealand's international freight industry. It puts all components of the international supply chain under the microscope.

"This is an important inquiry for New Zealand. We live in the most remote developed country in the world and the way we get our products to and from international markets is critical to our success," Mr Sherwin said.

"Better performance in freight transport should result in lower prices for imported goods, higher profits for exporting industries, and quicker freight turnaround – benefiting importers, exporters, employees and consumers.

"New Zealand exporters and importers currently spend about \$5 billion on freight each year. We're looking at whether these costs can be lowered and the services improved."

One of the questions the Issues Paper asks is whether council ownership is getting in the way of ports and airports performing more efficiently to help exporters and importers. It asks whether ports need to be more collaborative and innovative to improve performance, which is lagging behind that of ports in some other countries.

The paper also asks if regulatory arrangements are adequate to deal with anti-competitive behaviour in the international freight industries and whether the Minister of Transport should continue to exercise certain regulatory functions, or hand these over to the Commerce Commission.

"The inquiry will help ensure that New Zealand has the best regulatory framework and the right incentives to achieve best practice across the industry. It will also help to drive improvements in infrastructure investment, innovation and supply-chain coordination," Mr Sherwin said.

The issues paper is the first step in the inquiry process. It elaborates on the context for the inquiry, the approach that the Commission intends to take, and identifies key questions.

The Commission encourages New Zealanders to get involved in the inquiry. For a copy of the Issues Paper, including information on making a submission, visit www.productivity.govt.nz

The Commission is due to release its draft recommendations for improving the performance of international freight transport services in December this year. It will deliver its final report and recommendations to the Government in April 2012.

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