

Terms of Reference

New Zealand Productivity Commission Inquiry into International Freight Transport Services

Issued by the Minister of Finance, the Minister of Commerce, the Minister of Transport, and the Minister for Regulatory Reform ('the referring Ministers').

Pursuant to sections 9 and 11 of the New Zealand Productivity Commission Act 2010, we hereby request that the New Zealand Productivity Commission ("the Commission") undertake an inquiry into international freight transport services.

Context

Increasing international trade is a critical part of achieving productivity growth in New Zealand. Given that freight transport costs (including port charges) currently represent a sizeable proportion of international trading costs for New Zealand firms, it is important to ensure that New Zealand's infrastructure and regulatory regimes are effective in promoting accessibility and efficiency in international freight transport services, while continuing to meet New Zealand's international obligations. Currently, certain aspects of international carriage by air and sea are exempted from parts of the Commerce Act 1986 and subject to industry specific regimes under Part IX of the Civil Aviation Act 1990 and Part 1 of the Shipping Act 1987 respectively.

Scope

Having regard to the context outlined above, the referring Ministers request that the Commission undertake an inquiry to evaluate the factors influencing the accessibility and efficiency of international freight transport services available to New Zealand firms, and opportunities to increase the accessibility and efficiency of these services. For the purposes of this evaluation the Commission should:

- Identify and analyse the cost of all components of the international freight transport supply chain for New Zealand importers and exporters.
- Identify any impediments to the accessibility of the international freight transport services, and to competition within and between the components of the international freight transport supply chain.
- Identify mechanisms available to improve the accessibility and efficiency of the international transport supply chain.

Particular attention should be given, without limitation, to the following matters:

- (a) the nature of New Zealand's international trade, including the effects of distance from overseas markets and reliance on overseas providers of international freight transport services;
- (b) factors influencing the accessibility, cost and efficiency of New Zealand's international freight transport supply chain, with international comparisons;
- (c) the level and growth of productivity in all components of New Zealand's international freight transport supply chain, with international comparisons; and

- (d) the effectiveness of current regulatory regimes (including those noted above in the Civil Aviation Act 1990 and the Shipping Act 1987) affecting international freight transport services in promoting accessibility and competition, and the potential costs and benefits of alternative regulatory arrangements with international comparisons.

Consultation Requirements

In undertaking this review, the Commission should consult with key interest groups and affected parties

Timeframe

The Commission must publish a draft report and/or discussion paper(s) on the inquiry for public comment, followed by a final report, which must be submitted to each of the referring Ministers by 1 April 2012.

BILL ENGLISH, MINISTER OF FINANCE
SIMON POWER, MINISTER OF COMMERCE
STEVEN JOYCE, MINISTER OF TRANSPORT
RODNEY HIDE, MINISTER FOR REGULATORY REFORM

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