

"KEEPING AUSTRALIA'S INTERNATIONAL TRADE MOVING"



**FTA**  
FREIGHT & TRADE ALLIANCE



Australian Peak Shippers  
Association Inc. (APSA)

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**Who does this notice affect?**

Exporters, importers, freight forwarders, customs brokers and transport operators

**PATRICK INCREASES TERMINAL ACCESS CHARGES**

**FTA/APSA TO ESCATE POSITION TO THE PRODUCTIVITY COMMISSION**

Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) position on Terminal Access Charges was perfectly captured in last year's *Australian Financial Review* article [Patrick rejects 'price gouging' allegations](#) :

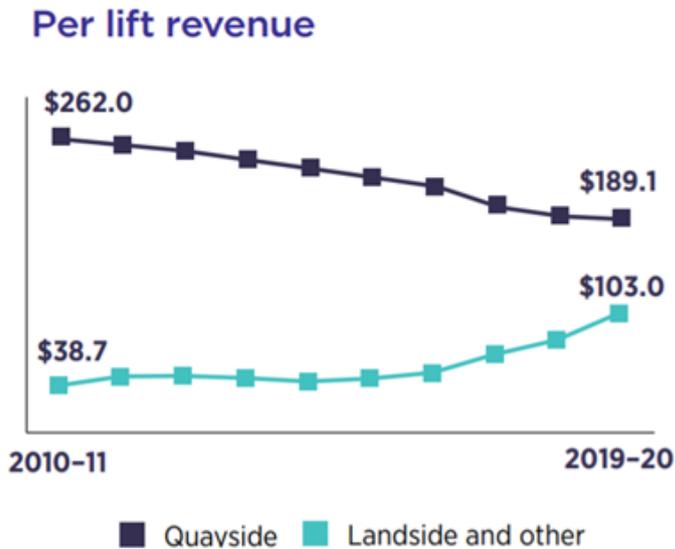
*The Freight and Trade Alliance, which represents importers and exporters, has asked the National Transport Commission to consider regulation to force stevedores to recover infrastructure costs from shipping lines, rather than from transport operators.*

*"It is an abuse of market power and unreasonable to impose a charge on a party that has no say; cannot negotiate the charge and cannot go elsewhere to receive and deliver containers," the FTA said in its submission to the commission, which is developing national guidelines on charges.*

**TERMINAL ACCESS CHARGES**

In a recent container monitoring report, the Australian Competition and Consumer

Commission (ACCC) highlighted that stevedore 'landside and other' revenue is significantly increasing; however, this quantum is largely being offset by a correlating reduction in 'quayside' revenue.



SOURCE:

ACCC Container stevedoring report 2019-20

This brings into question whether exporters and importers are paying duplicate landside stevedoring fees; once via sustained high Terminal Handling Charges (THCs) administered by many shipping lines; and twice via Terminal Access Charges and vehicle booking system fees administered by shipping line contracted parties.

The bottom line is that vulnerable Australian supply chain participants are currently paying an additional \$500M+ per year direct to stevedores and empty container parks. These rapidly increasing costs are having particularly devastating impacts on exporters and importers with downstream crippling financial impacts on manufacturers, farmers and regional communities.

## **NAVIGATING BETWEEN THE STATES AND FEDERAL GOVERNMENT**

FTA/APSA note that the onus is on state governments to act as outlined in the ACCC Container stevedoring monitoring report 2019-20 (released on 4 November 2020) and in the Deputy Prime Minister's response to our formal submission from 27 May 2020 titled *Status report - Container Stevedore Imposition of Terminal Access Charges*.

Following this advice, FTA / APSA again wrote to state ministers reiterating a position that stevedores and empty container parks should be forced to either absorb operating costs or pass these on to their commercial client (shipping lines). This outcome would give shipping lines the choice to absorb costs or pass these onto shippers (exporters, importers and freight forwarders) through negotiated freight rates and associated charges.

As determined by the Ministers at the *Infrastructure and Transport Ministers* meeting held on Friday 20 November 2020, the National Transport Commission (NTC) was tasked to lead reform and the development of 'voluntary national guidelines' to apply to stevedore infrastructure and access charges (both their introduction and increase) at Australia's container ports.

## **VOLUNTARY ARRANGEMENTS**

Over a year later and we are still awaiting a formal position from the NTC, with recent events fuelling our scepticism as to whether a 'voluntary' arrangement will adequately protect the interest of the international trade sector, adding resolve to our advocacy that regulation is required to wind back and eradicate Terminal Access Charges, leaving market forces to determine price and service between commercially contracted entities.

In the interim and to the credit of the Victorian government, they have at least put their toe in the water by introducing their Voluntary Port Performance Model (VPPM). Last year, when the VPPM concept was in its infancy, FTA / APSA received formal correspondence from the Hon Melissa Horne - (Victorian) Minister for Ports stating:

*"In January 2020, when I released the summary of our Port Pricing and Access Review to stakeholders, I advised stakeholders that the Victorian Government was not intending to move towards heavy-handed regulation, but would instead work towards establishing a new Voluntary Port Performance Model for the Port of Melbourne in partnership with all port users. I also said that if voluntary standards didn't improve pricing transparency, it was open to the Victorian Government to consider mandatory standards. "*

## **TESTING THE PROCESS**

During the course of 2021, DP World and VICT increased their Terminal Access Charges nationally (including increases at their Port of Melbourne operations) . In each case, FTA / APSA sought prescriptive detail as to whether this is a measure to offset a

further reduction in quayside rates to stevedore commercial client shipping lines and / or necessitated by other specific operational factors.

In the absence of any commercial ability to influence the quantum of the Terminal Access Charge (being a 'take it or leave it' proposition as referenced by the ACCC) and in line with the intent of the VPPM, FTA / APSA also requested a further detailed explanation for the increases including disclosure, supporting information and data justifying the full cost structure of the total increased fees.

While constructive meetings were subsequently held with stevedore executives, follow up correspondence did not provide the specific data requested, instead provided a general commentary with a broad reference to activities and capital expenses. FTA / APSA has met with and provided formal correspondence to Victorian government representatives in term of the VPPM experience, noting the futile nature of a voluntary approach and urging the Minister (ideally in partnership with other state ministers), to move towards regulation to force stevedores (and empty container parks) to cost recover directly against their commercial client (shipping line).

FTA / APSA look forward to further upcoming engagement with Minister Horne and executive from Freight Victoria.

## **LATEST ANNOUNCEMENT OF AN INCREASE IN TERMINAL ACCESS CHARGES**

Patrick has given notice that effective from 7 March 2022, Terminal Access Charges per full container charges will increase (noting a differential between the import and export tariffs) - refer [HERE](#)

Patrick appear to be implementing a 20% increase on Terminal Access Charges for Brisbane, Sydney, and Melbourne.

The Fremantle Terminal Access Charge increase is approximately 7.15%. It is assumed that this is what was negotiated in the new lease agreement with Fremantle Ports.

On checking the ancillary charges, the major surprise is the increase in the Patrick stack run fee. As an example, Brisbane stack run fee (2021) is \$7.50 compared to (2022) \$12.50 per container. That is approximately a 67% increase representing a substantial impost to the larger transport operators.

In response, FTA/APSA have written to the Patrick Chief Executive Officer - refer [HERE](#)  
**(FTA/APSA LOGIN REQUIRED).**

FTA/ APSA will continue engagement with Patrick along the same lines as tested above with other stevedores.

Assuming we follow historical outcomes, we do not expect a satisfactory outcome and will incorporate our formal position (highlighting the abysmal failings of a voluntary regime) as a part of our formal submission to the Productivity Commission's formal inquiry into [Australia's maritime logistics system](#).

**Tony Vinson - Head of International Freight & Logistics - FTA / APSA**

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