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## **Foreign Shipping Lines laughing all the way to the bank: Patrick Terminal Infrastructure Surcharge Increases**

In what is seemingly becoming a tit for tat exercise between the two major stevedores, Patrick today announced increases in its Terminal Infrastructure Surcharges in all ports, following similar recent increases by DP World.

“Patrick, like DP World, are putting the increases down to rising costs and investment requirements. But, nobody in the Australian import/export community should buy that wholly for a second” said CTAA Director, Gerard Langes.

“It’s no secret that the introduction of these Surcharges are part of a stevedoring rates war.”

“Governments told us the introduction of increased stevedoring competition would drop rates and that’s exactly what is happening.”

“What governments didn’t project was that the reduction in rates would feed the bottom line of foreign shipping lines at the expense of Australian importers and exporters. That’s exactly what’s happening, through the constant ramping up of these landside surcharges.”

“It’s becoming increasingly clear that stevedores are restructuring their revenues away from the Shipping Lines towards the transport sector.” Langes argues.

All Shipping Lines charge shippers (importers and exporters) a Terminal Handling Charge (THC), either identified separately or embedded in an overall Port Fees charge, which covers the cost of handling containers at the container terminal, including the stack and landside movements.

“It would be reasonable to expect that any cost reduction to the shipping line for stevedoring and terminal services should be reflected in a corresponding reduction in the THC to shippers. Alas, this is not the case.”

“The situation now exists where overseas owned and controlled Shipping Lines are profiting from this cost shifting, at the expense of Australia’s import & export competitiveness.”

“Foreign-owned Shipping Lines are financially benefiting from lower stevedoring rates charged by the stevedores, while maintaining high THCs.”

“Effectively, shippers are now paying twice for the same service.”

“Even the ACCC has commented that shipping lines may now be receiving subsidised stevedoring services as a result of the Infrastructure Surcharges, noting that *“it is possible that the revenues being collected from the transport operators are simply replacing revenues that used to be collected from shipping lines.”* (p.12, ACCC Container Stevedoring Monitoring Report 2016-17).

“CTAA believes this new and troubling trend should worry Governments as it particularly threatens the competitiveness of Australia’s containerised exports.”

For further information regarding this media release, please contact CTAA  
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CTAA has written to Commonwealth and State Ministers expressing this concern and calling on them to investigate the relationship between:

1. Stevedore and terminal rates to shipping lines;
2. Terminal Handling Charges (THCs) applied by shipping lines to shippers; and
3. The implementation and quantum of the Infrastructure Surcharges levied by the stevedores on transport operators, which are consequently passed onto shippers.

Meanwhile, CTAA believes that it's up to shippers (importers / exporters) to take the commercial fight up to the Shipping Lines and seek reductions in THCs to account for the cost shifting that is occurring.

“For the container transport operators, it means more cash flow worries as they pay the Infrastructure Surcharges to the stevedores well ahead of being able to commercially recoup the costs from their customers.”

“Larger volume container transport operators require a cash float each month of upwards of half a million dollars to cover the stevedore Infrastructure Surcharges.”

“That's a huge cost impost on predominately family companies, without whom Australia's landside container logistics chain would grind to a halt.”

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**About CTAA:**

***Container Transport Alliance Australia (CTAA) is strong Alliance of leading businesses engaged in the container transport logistics industry. CTAA Alliance companies account for the majority of containerised freight handled in capital city ports in Australia.***