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Media Release

28 February 2018

"Me Too" Takes on a Different Meaning – Victoria International Container Terminal Infrastructure Surcharge

In a further "cash grab" directed at the landside container logistics sector, Victoria International Container Terminal (VICT) at Webb Dock in the Port of Melbourne has followed the larger stevedore companies Patrick Terminals and DP World Australia in announcing the introduction of an Infrastructure Surcharge of $48.00 per full import or export container commencing from 27 March 2018.

Citing "a review of market conditions", VICT lists it commitment to landside efficiency as a reason of implementing the Infrastructure Surcharge. However, landside logistics operators would ask "what's changed since the terminal was built?"

"If we cut though the BS, the real reason for the announcement is that VICT needs to prepare itself to offer lower stevedoring rates to foreign Shipping Lines to stay competitive in bid processes against the other stevedores. And in what is now considered a "free-for-all" in an unregulated market, all they need to do is collect their lost revenue projections from the transport operators (and ultimately importers & exporters) on a "take it or leave it basis." observed CTAA Director, Neil Chambers.

"This gives the term "Me Too" a whole new meaning!"

In 2014, VICT won a competitive bid process to build and operate the new container terminal at Webb Dock. VICT built the facility in the full knowledge of the costs involved, the landside capacity of the terminal and the technology they have implemented.

"To now claim that they need to be rewarded for landside efficiencies and good truck turnaround times is laughable." Neil Chambers said.

"The fact is that while VICT does have consistent truck turnaround times, they still cause inefficiencies in landside logistics operations due to their limited truck entry operating hours."

"The larger container transport operators would prefer VICT to open during night shift when a large bulk of container movements to/from container terminals occurs in the Port of Melbourne."

"By only operating mostly during daylight hours, transport operators are forced to use additional trucks to meet the import / export task. That's more trucks on the road during the day, including peak hours, than there needs to be, at added costs for transport operators."

"Also, while CTAA advocated strongly for, and welcome from VICT, the increase in their payment terms to 30 days (from the date of the invoice), there is still a considerable lag between when transport operators need to pay these exorbitant Infrastructure Surcharges (or face a ban from the terminal is they don't) and the time taken to collect those fees from their customers – importers & exporters."

"The cash-flow implications for transport operators have yet again been stretched."

"As we did when DP World increased its Infrastructure Surcharges and Patrick Terminals followed suit recently, we again call on the Federal Government to investigate whether there is now sufficient "market failure" in container logistics pricing through Australian ports to warrant regulatory intervention."

"All Shipping Lines charge shippers (importers and exporters) a Terminal Handling Charge (THC), traditionally covering the cost of handling containers at the container terminal, including to/from the stack and landside movements."

"We haven't seen evidence of Shipping Lines decreasing their THCs in line with lower negotiated stevedore rates. So the question has to be asked whether shippers (importers / exporters) are paying twice for the same service?"

"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."

"We now have a new Federal Transport & Infrastructure Minister – the third in so many months."

"We'd hope that Mr. McCormack takes action to investigate the impact of the current unregulated nature of container logistics landside infrastructure pricing, as well as the quantum of the Terminal Handling Charges levied by the foreign Shipping Lines."

"What is the impact particularly on the competitiveness of Australia's regional and rural containerised export commodities?"

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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.

For further information regarding this media release, please contact CTAA Directors, Gerard Langes 0439 888 905 or Neil Chambers 0413 662 263 or email neil.chambers@ctaction.com.au

Victoria International Container Terminal (VICT) - Notice to Customers – 27 February 2018

Following a review of our terminal charges and market conditions, VICT has decided to implement an Infrastructure Surcharge of $48.00. Customers are advised that the charge will commence as of 27th March 2018.

Following a review of market conditions, we consider that it is appropriate to introduce an Infrastructure Surcharge. The Infrastructure Surcharge allows VICT to remain competitive in the market as a viable alternative container terminal.

Since commencing operations in 2017, VICT has committed to having landside efficiency at the forefront of our innovation, which we have done and continue to do. This has optimised our Truck Turnaround Times, increased utilisation of trucks and improved safety conditions. VICT remains dedicated to continuous improvement in providing leading landside services.

The Infrastructure Surcharge will be applied to all standard import and export full containers (R&D via road). Road transport operators will be invoiced electronically through existing weekly invoices. The $10 Chain Of Responsibility charge per container will no longer be an additional charge, and will instead be absorbed into the Infrastructure Surcharge from 27th March 2018.

We are aware of customer feedback regarding the introduction of infrastructure surcharges more generally in the market. Having listened to customer feedback on cash flow concerns around additional charges, we will extend our payment terms from 7 to 30 days from invoice issue date and we are also looking to implement EFTPOS payment facilities soon. We will make further announcements on this shortly.

VICT carrier access agreement will be updated accordingly and facility access will be conditional on payment of these charges as per our terms and conditions from 27th March onwards. Please contact VICT's Landside Team on 03 8547 9700 if you require any further clarification with regard to this surcharge.

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