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DP World Australia Proceeds with Higher Stevedore Infrastructure Charges Despite Opposition & Promised Government Investigations

DP World Australia (DPWA) has proceeded with its higher landside Infrastructure Charges from 1 January 2019 despite significant opposition from the landside container logistics sector.

Also, DPWA's Vehicle Booking System (VBS) fees have been jacked up over 80% from \$6.89 per container slot to \$12.95 per slot. An unprecedented increase, with no corresponding significant improvement in the functionality of the 1-Stop VBS platform.

"It's worth repeating that since April 2017, DP World Australia has imposed Infrastructure Charge increases levied on container transport operators of over 1000% in Melbourne, 247% in Sydney and 86% in Brisbane, with no negotiation, no transparency, and no ability for transport operators to resist, least their terminal access may be denied." said CTAA Director, Neil Chambers.

In late October last year before the Victorian State Election, CTAA, in collaboration with Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA), welcomed the Victorian Labor Government's commitment to conduct a review into regulating pricing and charges, as well as access to and from the Port of Melbourne, following the announced increases in stevedore infrastructure charges.

"We have urged the incoming Victorian Minister for Ports, Melissa Horne, and Freight Victoria (within Transport for Victoria), to proceed with this review as a matter of urgency."

Discussions also continue with the NSW Minister for Roads, Maritime and Freight, Melinda Pavey, and with Transport for NSW, about similar investigations.

These actions align with statements made by the Australian Competition and Consumer Commission (ACCC) in its *2018 Container Stevedoring Monitoring Report*, that the recent significant increases in infrastructure charges may require a more detailed examination by state governments, and, if warranted, a regulatory response.

CTAA Urges Stevedore Infrastructure Charge Restraint During Investigations:

"Prior to these government investigations proceeding, CTAA urges the other Australian container stevedore companies to show restraint at this time and not impose similar infrastructure charge hikes as those imposed by DPWA." said Neil Chambers.

"For instance, the cycle for Patrick Terminals to consider and announce its level of Infrastructure Charges across its Australian container terminals has been in March each year."

"We'd urge Patrick Terminals, and also Hutchison Ports Australia and Victoria International Container Terminal (VICT), and most recently Australian Amalgamated Terminals (AAT) in the Port of Brisbane which introduced a new Infrastructure Charge of \$38,70 per full container in October 2018, not to act unilaterally in this way, but to collaborate with the promised review(s)."

For further information regarding this media release, please contact CTAA Director Neil Chambers, 0413 662 263 or email neil.chambers@ctaction.com.au

The full picture on container terminal charges:

CTAA has been consistent and clear that the investigations into these unregulated charges should consider the broader picture of the port fees and infrastructure charges levied for landside stevedoring services, which are ultimately borne by Australia's importers and exporters.

It is understood that there is a cost in providing adequate landside container stevedoring infrastructure. Indeed, the ACCC *2018 Container Stevedoring Monitoring Report* confirms that stevedoring revenues have declined as foreign international container shipping lines have enjoyed much more competitive stevedoring rates as a result of stevedoring services competition.

Yet, stevedores need to continue to invest to provide adequate service levels, and to address their own rising costs in a market dictated by declining quayside revenues.

However, anecdotally, Australia's importers and exporters have not enjoyed corresponding reductions in Terminal Handling Charges (THCs), which have traditionally recovered the costs of Australian container stevedoring services levied directly by the international shipping lines.

"A core question then for the impending government investigations is whether or not importers and exporters are actually paying twice for the same stevedoring services?"

"Ultimately, they are now paying exorbitantly higher stevedoring infrastructure charges passed through the chain by road and rail transport operators, yet they haven't received a corresponding reduction in Terminal Handling Charges (THCs) levied directly by foreign shipping lines."

"You really have to ask who's creaming this situation? Who are the winners and the losers?"

"You don't have to be Einstein to have a guess. The broader spectrum of charges levied for what purpose is very worthy of government investigation and possible regulation." Neil Chambers concluded.

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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.