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# Submission to the Proposed Amendments to the Port of Melbourne Pricing Order

"KEEPING AUSTRALIA'S INTERNATIONAL TRADE MOVING"



Australian Peak Shippers  
Association Inc. (APSA)

## ABOUT THE ALLIANCE

Freight & Trade Alliance (FTA) is the peak body for the international trade sector with a vision to establish a global benchmark of efficiency in Australian biosecurity, border related security, compliance, and logistics activities.

FTA represents more than 500 businesses including Australia's leading customs brokerages, freight forwarders and major importers.

On 1 January 2017, FTA was appointed the Secretariat role for the Australian Peak Shippers Association (APSA). APSA is the peak body for Australia's containerised exporters and importers under *Part X of the Competition and Consumer Act 2010* as designated by the Federal Minister of Infrastructure and Transport.

APSA is also a member and has board representation on the Global Shippers Forum (GSF) that represents shippers' interests and that of their national and regional organisations in Asia, Europe, North and South America, Africa and Australasia.

FTA / APSA represent leading import and export businesses including world class manufacturers and producers, supported by skilled customs brokers and freight forwarders. A list of all members and further information about FTA / APSA is available at [www.FTAlliance.com.au](http://www.FTAlliance.com.au)

Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) appreciate the opportunity to contribute to this important review. This submission reflects the priorities and operational realities raised by our diverse membership across the international trade, logistics, and supply chain sectors. We remain committed to constructive engagement with government and industry partners to support practical, efficient, and globally competitive regulatory outcomes.

## CONTACT

For further detail please contact:

### Sal Milici

General Manager – Trade Policy & Operations | Licensed Customs Broker  
Freight & Trade Alliance (FTA) | Australian Peak Shippers Association (APSA)  
+61 426 057 373 | [www.FTAlliance.com.au](http://www.FTAlliance.com.au) | [smilici@FTAlliance.com.au](mailto:smilici@FTAlliance.com.au)

Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) welcome the opportunity to provide feedback on the Victorian Government's consultation on potential amendments to the Port of Melbourne Pricing Order.

FTA/APSA represent Australia's international trade, freight and logistics sectors with membership covering major importers, exporters, logistics providers, customs brokers, freight forwarders and peak shipper interests. Our focus remains on fair, transparent and efficient regulatory settings that support sustainable port operations, competitive neutrality, and the long-term resilience of the Victorian freight task.

The proposed reforms represent a significant shift in the regulatory framework governing major port infrastructure investment and tariff-setting arrangements. FTA/APSA acknowledge the potential benefits of these changes, particularly where they enhance transparency, provide earlier certainty for port users, and support the timely delivery of capacity needed to meet Victoria's future trade task.

However, industry support is contingent on strong regulatory safeguards to ensure costs passed through to port users are prudent, efficient, clearly defined and subject to rigorous independent oversight.

In FTA/APSA's view, the proposed reforms have the potential to improve regulatory certainty, support timely delivery of port capacity, and reduce the risk of delayed major projects. This is contingent on robust ESC oversight and the clear prevention of any open-ended or retrospective cost recovery.

FTA/APSA look forward to ongoing engagement with the Department of Treasury and Finance (DTF), the Essential Services Commission (ESC) and the Port of Melbourne (PoM) as these reforms progress.

## **FTA/APSA recommend:**

1. **The introduction of an ex-ante ESC assessment framework**, subject to strong transparency and accountability provisions.
2. **Improved oversight of project scope, cost and efficiency**, ensuring costs are independently assessed and approved before being passed through to industry.
3. **Careful limitation of early cost-recovery powers**, ensuring tariff increases are contained, justified and directly linked to ESC-approved deliverables.
4. **Rigorous stakeholder consultation**, particularly where displacement of operators or changes to landside interfaces are expected.
5. **Competitive neutrality and supply chain efficiency** being embedded as core assessment criteria for all major projects.

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FTA/APSA look forward to ongoing engagement with the Department of Treasury and Finance (DTF), the Essential Services Commission (ESC) and the Port of Melbourne (PoM) as these reforms progress.

# 1. Overview of Proposed Amendments

The Department of Treasury and Finance (DTF), in consultation with the Essential Services Commission (ESC), the Department of Transport and Planning (DTP) and Port of Melbourne (PoM), is considering amendments that would:

1. Enable ESC to undertake ex-ante assessments of major infrastructure projects before substantial investment occurs; and
2. Allow PoM to recover Port Capacity Enhancement Program (PCEP) costs above the Tariffs Adjustment Limit (TAL) where the ESC finds the investment to be prudent and efficient.

We understand these changes seek to provide:

- Earlier certainty for PoM and port users;
  - Earlier cost-recovery pathways for critical capacity projects; and
  - A more transparent evaluation of business cases before costs are passed onto industry.
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## 2. FTA/APSA Position – Support in Principle, Subject to Safeguards

FTA/APSA acknowledge the merit of a well-designed ex-ante framework. The existing Pricing Order constrains PoM to a fixed-tariff path (adjusted only for CPI). While this limits unexpected price increases, it can also delay investment in essential capacity.

The proposed model may deliver benefits if and only if the following protections are maintained:

- Strong and transparent ESC oversight
- Clearly defined project scope, costs and deliverables
- Binding requirements ensuring the project is delivered to the approved scope and standard (as reflected in clause 4.2.11(b) of the Pricing Order)
- Full and genuine stakeholder engagement before approval
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These elements are critical to avoid a repeat of previous experiences where charges were introduced with unclear deliverables or uncertain timelines.

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## 3. Member Feedback – Key Themes

FTA/APSA has engaged importer and exporter members following the initial advice issued on 17 November 2025. The following concerns and observations have emerged.

### 3.1 Early cost recovery

Members recognise the need for timely investment in port capacity; however, concerns were raised about:

- Permitting PoM to increase tariffs earlier than the existing framework allows, including during the TAL period;
- The challenge of absorbing additional costs in an environment of rising domestic freight charges; and

- Ensuring increases are tightly linked to ESC-approved scope, efficiency assessments and outcome milestones.

Indicative PoM modelling suggests average tariff impacts of:

- ~\$8 per full import TEU, and
- ~\$6 per full export TEU

across 25 years if spread evenly across tariffs (approx. 4% higher on average). Members emphasised the need for ESC to ensure any increase is commensurate with genuine business case needs.

## 3.2 Precedent: Port Rail Transformation Project (P RTP)

Numerous members cited the P RTP as a cautionary example, where:

- Charges were introduced at \$9.75 per TEU in 2020, now c\$15–\$20 per TEU with indexation,
- Yet key rail outcomes – such as the delivery of Port Rail Shuttle network trains – remain outstanding.

Members want confidence that open-ended or poorly defined cost-recovery arrangements cannot occur again. FTA/APSA note that the proposed ex-ante mechanism appears to directly address this problem, provided it is administered with rigour and transparency.

## 3.3 Competitive neutrality and supply chain impacts

Members seek assurance that:

- Tariff changes do not unfairly advantage or disadvantage any stevedore, operator, or terminal;
- The cost increases are proportionate to benefits and applied consistently across tariff categories;
- Efficiency and productivity gains from the PCEP flow through to port users.

## 3.4 Tasmanian trades relocation and intermodal displacement risks

Members highlighted that relocation of Tasmanian trades from Webb Dock North to Victoria Dock would require Qube's Vic Dock Intermodal Terminal to relocate and reconfigure operations. Risks include:

- Short to medium-term reductions in landside efficiency
- Additional relocation and asset re-establishment costs
- Potential congestion impacts during the transition

We note that the proposed amendments – through strengthened ESC ex-ante obligations and stakeholder engagement requirements – provide a more suitable forum for these issues to be examined before approval is granted.

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# 4. Considerations on the Proposed Ex-Ante Framework

FTA/APSA recognise the potential benefits of shifting major project evaluation to an upfront assessment, including:

- Independent scrutiny prior to investment
- Ability to review efficiency, prudence and stakeholder impacts early
- Reduction in risk of misaligned cost recovery post-delivery
- Clarity on costs and scope before tariffs are adjusted

To maintain industry confidence, the following principles must be embedded and strictly applied:

## **4.1 Transparency**

- All Strategic Project Applications should be published in full.
- ESC reasoning must be comprehensive and publicly accessible.
- Project scope, cost categories, risk allocations and assumptions must be clear and unambiguous.

## **4.2 Binding conditions**

Industry supports the inclusion of clauses requiring PoM to deliver projects to the approved scope and standard. Any variances must:

- Trigger a formal ESC review;
- Require detailed justification; and
- Be subject to strict efficiency testing.

## **4.3 Limits on tariff increases**

- Any increases above TAL must be confined to approved PCEP costs.
- Cost recovery must cease once the approved amount is recovered.
- Charges must be unwound if the project is materially altered, delayed or descope.

## **4.4 Stakeholder consultation**

The ESC must be satisfied that:

- Engagement has been genuine, early and substantial;  
All materially affected parties – including container stevedores, Tasmanian trade operators, intermodal providers, peak shipper groups and transport operators – have been consulted;
  - The PoM has demonstrated meaningful consideration of operational impacts.
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# **5. Specific Feedback on the Port Capacity Expansion Program (PCEP)**

FTA/APSA note that the PCEP is a large-scale redevelopment that includes establishing new terminal capacity at Webb Dock North, potentially enabling a fourth stevedore. Delivery is targeted for 2036.

Industry recognises the strategic importance of ensuring Victoria has sufficient container capacity ahead of demand. FTA/APSA do not oppose tariff uplift in principle where:

- It is tied to a transparent, efficient and independently verified business case;
- It delivers real improvements in capacity, competition and productivity
- It avoids significant future congestion costs if capacity is delivered too late.

The ex-ante amendments may help ensure this alignment.

**Submitted by:** Freight & Trade Alliance (FTA) and Australian Peak Shippers Association (APSA)