



7 November 2019

Hon. Melissa Horne
Victorian Minister for Ports and Freight
Level 22, 1 Spring Street,
Melbourne, VIC 3000

Dear Minister,

Re: Port of Melbourne Pricing and Access Review

Freight & Trade Alliance (FTA), the Australian Peak Shippers Association (APSA) and Container Transport Alliance Australia (CTAA) seek your advice on the next steps to be taken in finalising the *Port of Melbourne Pricing & Access Review* (the review) expeditiously, including the opportunity for input into the review's findings.

Freight & Trade Alliance (FTA) is Australia's leading representative body for the international supply chain sector bringing together importers, exporters, customs brokers, freight forwarders, logistics service providers and industry groups.

The Australian Peak Shippers' Association (APSA) is the peak body designated by the Federal Minister of Infrastructure and Transport to protect the interests of Australia's cargo owners and shippers in respect to shipping and international logistics services. The secretariat for APSA is provided by FTA.

Container Transport Alliance Australia (CTAA) is a strong alliance of leading businesses engaged in the container transport logistics industry. CTAA Alliance companies account for the majority of the landside movements of containerised freight handled through the Port of Melbourne

FTA, APSA and CTAA (the Alliance) have engaged significantly with Deloitte Access Economics (Deloitte) as the Review has progressed.

We understand that you have granted Deloitte additional time to complete its draft to allow for further submissions and input, and that a draft Report is due to be provided to Freight Victoria sometime this month.

Meanwhile however, the Alliance have been extremely disappointed by the announcements made on 4 November by DP World Australia (DPWA) of a further 15% increase in their unregulated infrastructure fee for full containers handled through West Swanson Terminal (now referred to as a "terminal access charge"), and a 42.5% increase in Vehicle Booking System (VBS) fees, to be applied from 1 January 2020.

Again, these landside tariff increases have been made unilaterally by DPWA with no consultation with transport logistics operators (road and rail), who are forced to pay the charges if they want access to West Swanson Terminal to pick up or deliver full containers. Also, there is no evidence of corresponding improvements in landside terminal productivity to justify such increases.

These increases will put even more commercial strain on transport operators who must carry the cost of the charges in the first instance, and, in turn, on importers and exporters to whom the charges are passed onto in the supply chain.

Low margin commodity exporters through the Port of Melbourne will be particularly hardest hit at a time also when drought and other supply chain pressures and costs are depressing export growth generally.

If the previous cycle of increases by the other container stevedores is a guide, Patrick Terminals may well announce further increases before the end of this year (for commencement in March 2020) and Victoria International Container Terminal (VICT) may also “follow the leader”.

Again, we cannot not see any justification for such increases, other than that the stevedores are making up for lost revenue from lower container stevedoring rates in shipping line contracts. This view is borne out in the recently released ACCC Container Stevedoring Monitoring Report 2018-19 (October 2019).

There is a real sense of urgency about the need to address these unfettered and unregulated pricing increases.

Minister, we would urge you to ensure that the Alliance has the opportunity to input into the findings in the review once the initial draft has been considered by you and Freight Victoria.

We are available to discuss these matters by contact with either Paul Zalai, FTA Director / APSA Secretariat – 0408 280 123 / pzalai@FTAlliance.com.au or Neil Chambers, CTAA Director - 0413 662 263 / neil.chambers@ctaction.com.au

Yours faithfully,



Neil Chambers

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Container Transport Alliance Australia (CTAA)



Paul Zalai

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