



13/12/2019

Mr Paul Zalai  
Director and Co-Founder / Freight & trade Alliance (FTA)  
Secretariat / Australian Peak Shippers Association (APSA)  
Director / Global Shippers Forum (GSF)

**RE: TERMINAL INFRASTRUCTURE LEVY SURCHARGES**

Dear Paul

We are writing in support of the work undertaken by FTA / APSA & GSF in respect to the significant issue of recent increases in Terminal Infrastructure Levy Surcharges at the Port of Melbourne.

Riordan Grain Services (RGS) is a family owned integrated storage handling and logistics business based in Lara, Victoria. RGS has recently celebrated 23 years in business and has constantly innovated and challenged logistical supply chains in the grain handling industry. This has included being an early adopter of the activity of packing and export of Australian grain into international markets since 2002. Over this time RGS has packed into containers for export an average of 8,000 TEU's each year, subject to crop size and seasonal conditions. Peak packing was 11,500 TEU's in a calendar year.

In recent years there has been a substantial change in the cost of infrastructure levy charges at the Port of Melbourne from the terminal operators. Below is a capture of these changes which have occurred in the past three years:

	LEVY CHARGED PER TEU		
DATE	DP World	Patricks	VICT
1/01/2017	\$3.50		
3/04/2017	\$32.50		
10/07/2017		\$32.00	
12/03/2018	\$47.50		
27/03/2018			\$48.00
1/01/2019	\$85.50		
1/03/2019			\$85.00
4/03/2019		\$82.50	
1/01/2020 Pending	\$98.00		\$121.80

Net result across 8,000 TEU's and assuming worst case increase in pricing from \$3.50 per TEU to \$98.00 per TEU has = \$756,000 per annum in additional cost to RGS. This cost must be passed back to the price that RGS pays for grain as we operate in a very competitive local and global market. Many other international origins are now heavily competing for market access to traditional Australian customers and destinations.

**Riordan Group Pty Ltd trading as Riordan Grain Services**

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We see the net result of these cost increases having the following impacts:

1. RGS pays less for grain to growers and local regional communities.
2. RGS opts out of investment opportunities in expanding container packing capacity.
3. RGS looks at alternate supply chains for grain export movements eg loading on bulk vessels.
4. The Australian Grain industry loses export competitiveness for Australian grain.

RGS operates in a very competitive supply chain environment. The market is mature, and margins are thin as we handle a relatively cheap agricultural commodity. We are not able to increase what we charge our customers, nor can we work with our competitors to facilitate increases in what we charge our customers. We have seen little benefit from the increased infrastructure charges imposed on us in terms of improved logistics or efficiencies.

Thanks again for your continued efforts and we hope to see some common sense prevail in the levy arrangements going forward.

Thanks & Regards



Mark Lewis  
General Manager  
For and on behalf of Riordan Grain Services