

# Voluntary protocols are failing to protect vulnerable supply chains

Paul Zalai addresses landside stevedoring fees and asks if exporters and importers are being treated fairly

## IN ITS MOST RECENT CONTAINER

monitoring report, the ACCC highlighted that stevedore “landside and other” revenue is significantly increasing; however, this quantum is largely being offset by a correlating reduction in “quayside” revenue.

This brings into question whether exporters and importers are paying duplicate landside stevedoring fees: once via sustained high Terminal Handling Charges (THCs) administered by many shipping lines; and twice via Terminal Access Charges (TACs) and vehicle booking systems administered by shipping line contracted parties.

## BETWEEN THE STATES AND FEDERAL GOVERNMENT

FTA and APSA note that the onus is on state governments to act as outlined in the ACCC *Container stevedoring monitoring report 2019-20* (released in November 2020) and in the Deputy Prime Minister’s response to our formal submission from 27 May 2020 titled *Status report – Container Stevedore Imposition of Terminal Access Charges*.

Following this advice, FTA/APSA again wrote to state ministers last year reiterating a position that stevedores and empty container parks should be forced to either absorb operating costs or pass these on to their commercial client (shipping lines). This outcome would give shipping lines the choice to absorb costs or pass these onto shippers (exporters, importers and freight forwarders) through negotiated freight rates and associated charges.

As determined by the ministers at the Infrastructure and Transport Ministers meeting held on Friday 20 November, the National Transport Commission (NTC) was tasked to lead reform and the development of voluntary national guidelines to apply to stevedore infrastructure and access charges (both their introduction and increase) at Australia’s container ports.

## VOLUNTARY ARRANGEMENTS

Nearly five months later and we are still awaiting formal engagement with the NTC, with recent events fuelling our scepticism as to whether a voluntary arrangement will adequately protect the interest of the international trade sector, adding resolve to our advocacy that regulation is required to wind back and eradicate TACs, leaving market forces to determine price and service between commercially contracted entities.

In the interim, the Victorian government has at least put its toe in the water by introducing the Voluntary Port Performance Model (VPPM). Last year, when the VPPM concept was in its infancy, FTA/APSA received formal correspondence from minister Melissa Horne stating:

“In January 2020, when I released the summary of our Port Pricing and Access Review to stakeholders, I advised stakeholders that the Victorian government was not intending to move towards heavy-handed regulation but would instead work towards establishing a new Voluntary Port Performance Model for the Port of Melbourne in partnership with all port users. I also said that if voluntary standards didn’t improve pricing transparency, it was open to the Victorian government to consider mandatory standards.”

## TESTING THE PROCESS

On 15 March 2021, DPWA announced a national increase in its TAC – specifically in context of its Melbourne operations, the increase scheduled for 1 May 2021 is 11% for import containers and 12.5% for exports.

FTA/APSA sought prescriptive detail as to whether this is a measure to offset a further reduction in quayside rates to DPWA commercial client shipping lines and/or necessitated by other specific operational factors.

In the absence of any commercial ability to influence the quantum of the TAC, and

in line with the intent of the VPPM, FTA/APSA also requested a further detailed explanation for the increase including disclosure, supporting information and data justifying the full cost structure of the total fee to be applied effective 1 May 2021.

While a constructive meeting was subsequently held with a DPWA executive, follow-up correspondence did not provide the specific data requested, instead provided a general commentary with a broad reference to activities and capital expenses.

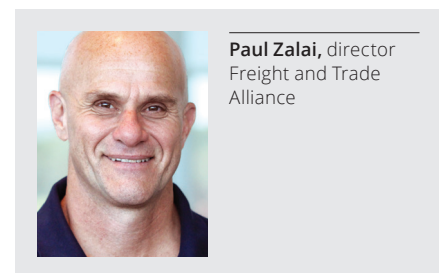
## IT’S TIME FOR REGULATION

The VPPM or any similar voluntary monitoring process will mean that stevedores will continue to receive revenue from the transport sector with the minor inconvenience in the form of another level of bureaucracy before implementing each increase. Continuation of such voluntary performance arrangements also poses the risk of giving tacit approval to this unwarranted cost recovery method on third parties.

You do not have to be Nostradamus to see that empty container parks will also continue ratcheting up their charges on transport operators too – and why not? Stevedores have highlighted that it’s an effective model to collect revenue from vehicle booking systems rather than negotiating increases with clients.

Perhaps as indicated by Ms Horne, a voluntary approach had to be tested before heading towards heavy handed regulation.

Now more than ever it is time for those in government to act. ■



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