



The Hon Andrew Constance MP
Minister for Transport and Roads

Our ref: BN20/00262

Mr Paul Zalai
Director and Co-Founder
Freight and Trade Alliance
68 Brooker Avenue
BEACON HILL NSW 2100

Dear Mr Zalai

Thank you for your engagement with the recent consultation with Transport for NSW on seeking solutions to improve payment terms for stevedore terminal access charges during the COVID-19 pandemic. I am writing to inform you of the outcome of this consultation with Port Botany stevedores and industry associations.

I am advised that stevedores have previously increased payment terms to 28 - 30 days in response to requests from the road transport industry, and payment terms are generally aligned across the supply chain. It appears that there are some inconsistencies in invoicing practices, creating some disparity in the practical timing of payments falling due.

I understand transport operators typically invoice at month end with 30-day payment terms, compared to the stevedores' practice of invoicing weekly. I am also aware that while these are standard billing timeframes, due to the COVID-19 pandemic transport operators, freight forwarders and stevedores are reporting that customers are requesting extended timeframes and that some are delaying payment.

During the consultation, information was provided that stevedores are implementing measures to reduce the impact of the infrastructure and access charges on the landside industry. I am a big believer that industry led solutions that harness innovation and emerging technologies have the most potential to resolve emerging issues. I am advised that DP World and Patrick, through their joint venture in technology company 1-Stop, are also developing a new payment platform which is likely to give some relief to road transport operators by enabling direct charging of access and infrastructure charges to cargo owners.

I have considered this feedback from industry, noting that all parties across the supply chain are reporting financial distress. Most of the feedback is consistent with expert advice provided to me that any short-term measures to intervene in the terms of payment during the COVID-19 pandemic are unlikely to assist with cash flow issues. Intervening at a particular point in the supply chain has the potential to have unintended consequences and impact the financial stability of other parts of the supply chain.

Rather than a potentially clumsy and rushed intervention into the market, I consider the wide range of financial relief measures by the Australian Government and NSW Government, the best approach to flexibly helping all businesses in the supply chain get

through the COVID-19 pandemic. The NSW Government is not presently considering further targeted short-term measures to assist cash flow and other financial challenges for operators across the supply chain.

For a full list of NSW Government assistance available to the supply chain please visit: www.nsw.gov.au.

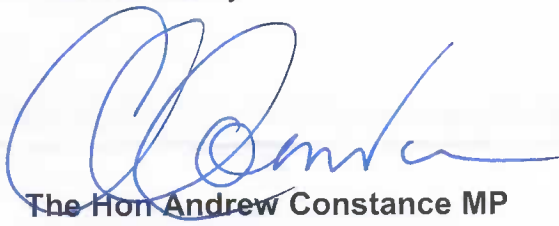
I also recognise that during the consultation, industry associations raised issues outside of payment terms, including fundamental concerns with the longer term impacts of stevedores applying infrastructure and access charges. I am giving consideration to this feedback. I will also be informed by the advice of the NSW Productivity Commissioner regarding these charges as to any longer term Government response.

The COVID-19 pandemic is an unprecedented event impacting people around the world. The scale of impacts on the Australian economy and throughput at NSW's ports are yet to be realised, as are any impacts on longer-term rates of container trade. I appreciate that this is a difficult time for all parties across the freight supply chain and I am committed to working constructively with industry on issues arising from the pandemic.

If you have any questions or would like to discuss this matter further please contact Susie Mackay, Executive Director Freight, TfNSW on 0477 300 573 or at susie.mackay@transport.nsw.gov.au.

Thank you for taking the time to bring this matter to the Government's attention.

Yours sincerely



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15/6/20