27 May 2020
The Hon Michael McCormack
Deputy Prime Minister and
Minister for Infrastructure, Transport and
Regional Development
PO Box 6022
House of Representatives
Parliament House
Canberra ACT 2600

Container Stevedores Operations – Imposition of Terminal Access Charges

Deputy Prime Minister,

Thank you for extending the invitation to Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) to participate in recent *Land Transport and Maritime Industry* forums to share intelligence across industry and government during the COVID-19 crisis.

As highlighted during these forums, it is the efficient movement of goods that will play a major role in leading Australia's economic recovery. To that end, it was greatly appreciated that FTA / APSA was given the opportunity to deliver a briefing on the impacts of stevedore-imposed Infrastructure Surcharges (now also referred to as Terminal Access Charges) during the forum that you chaired on 30 April 2020.

This was followed up with a request to your advisors for an opportunity for the FTA / APSA Committee of Management and key representatives to meet with you to explain the financial repercussions of this charge imposed on transport operators (rail and road) and downstream implications to shippers (exporters and importers).

In response to a request to prepare a background document on the Infrastructure Surcharge evolution and impacts on industry, FTA / APSA has prepared the attached "status report" for your reference. The report quotes many exporters outlining operational impacts. FTA / APSA has also received additional correspondence that we have been given permission to share with you however, it was requested that these are not publicly released and have therefore been excluded from the report. We look forward to meeting with you and working with the Federal Government in addressing this important issue as a matter of priority.

Your sincerely

Paul Zalai
Director
Freight & Trade Alliance (FTA) Pty Ltd

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27 May 2020

STATUS REPORT - CONTAINER STEVEDORE IMPOSITION OF TERMINAL ACCESS CHARGES

Submission to the Deputy Prime Minister and Minister for Infrastructure, Transport and Regional Development on behalf of Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA)

"KEEPING AUSTRALIA'S INTERNATIONAL TRADE MOVING"

FTA
FREIGHT & TRADE ALLIANCE

Australian Peak Shippers Association Inc. (APSA)

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EXECUTIVE SUMMARY

BACKGROUND

Australian jobs are being lost across all sectors from retail through to our regional communities and farmers. Impacts of drought, bushfires and COVID-19 on the Australian economy and the rapidly changing global trade environment are being compounded by an estimated $300M+ in supply chain costs imposed by stevedores at all major sea freight container ports.

Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) have campaigned with state governments and the Australian Competition and Consumer Commission (ACCC) outlining that if action is not taken immediately, we jeopardise the competitiveness of our country's quality products in a global market.

APPLICATION OF CHARGES AT OUR PORTS

Since the privatisation of many of our containerised ports, the industry has been exposed to new costs and imposts that have gradually eroded margins and the ability of our primary producers to compete in international markets. Equally, on the import of products, stevedore charges are driving up the prices of locally manufactured products and blended agriculture products that are heavily reliant on overseas supplies. Our retail sector has also been impacted by the economic downturn at a time when stevedores continue to significantly increase import charges.

Stevedores play an essential role in the efficiency of clearing goods at the port. However, this role has allowed them to periodically increase the quantum of the surcharges without any transparency or justification. Transport operators (road and rail) are forced to pay the fee to gain access to our ports to collect and deliver containers – this aligns to an appropriate renaming of the surcharge by some stevedores as a 'Terminal Access Charge'.

Many transport operators have included administration fees to manage cash flow associated with these charges resulting in cascading charges flowing through the supply chain. Ultimately, Australian exporters and importers pay further inflated prices.

Ignoring repeated warnings by state governments, particularly during the current COVID-19 crisis, increased costs are having devastating impacts on our trade sector with the most significant impact on our retailers, manufacturers, farmers and regional communities.

COMMERCIAL MODEL

All businesses face a dilemma of how to deal with unavoidable costs such as rent, infrastructure, labour and power. Those same businesses are then forced to either absorb costs or pass them on to their commercial clients.

Similarly, stevedores should be forced to either absorb operating costs or pass these on to their commercial client (shipping lines). Shipping lines then have the choice to absorb costs or pass these onto shippers (exporters, importers and freight forwarders) through negotiated freight rates and associated charges.

REGULATORY INTERVENTION

The efficient movement of goods will lead our economic recovery and generate national wealth, not the welfare and self-interests of infrastructure owners.

A statutory monitoring process to oversee further price increases is NOT the answer. Incremental increases on an already high base would continue the devastating impacts on Australian jobs.

FTA / APSA recommends:

- regulation to protect transport operators and shippers by forcing stevedores to cease the practice of administering a Terminal Access Charge; and
- stevedores should be given appropriate notice to adjust commercial modelling allowing negotiations of charges back to shipping lines.

This outcome would allow market forces to take effect. An open and competitive environment will determine appropriate price for services without the need for further government monitoring or intervention.

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 border related security, compliance and logistics activities. FTA represents 388 businesses including Australia's largest logistics service providers and major importers.

On 1 January 2017, FTA was appointed the Secretariat role for the Australian Peak Shippers Association (APSA).

The Australian Peak Shippers Association (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 provide international trade and logistics advocacy to the following associations:

- Australian Horticultural Exporters and Importers Association (AHEIA);
- Australian Cotton Shippers Association (ACSA);
- Australian Meat Industry Council (AMIC);
- Australian Council for Wool Exporters and Processors;
- Australian International Movers Association (AIMA); and
- Tasmanian Logistics Committee (TLC).

The current APSA Officers and Committee of Management are listed below:

- Chair: Sean Richards (EGM - Logistics, Visy Industries);
- Vice-Chair: Olga Harriton (Global Logistics Manager – Manildra Group);
- Treasurer: Eimear McDonagh (Director- Australian Cotton Shippers Association);
- Patrick Hutchison (CEO- Australian Meat Industry Council);
- Flaminio Dondina (General Manager Procurement- Casella Family Brands);
- David Werner (Trade Execution Manager- Cargill);
- Michael Dunstan (Australian International Movers Association);
- Kurt Wilkinson (General Manager - Commercial Commodities & International Division - Fletcher International Exports); and
- Peter Morgan (CEO- Australian Council for Wool Exporters and Processors)

A list of all members and further information about FTA / APSA is available at www.FTAlliance.com.au

BACKGROUND

The combination of increased competition with a greatly reduced client base has been the catalyst for a restructure in stevedore terminal pricing.

Specifically, the addition of a third major container stevedore in Sydney, Melbourne and Brisbane in recent years has added competition at a time when the number of clients, international shipping lines, has significantly reduced due to consolidation and increased utilisation of vessel sharing arrangements.

FTA / APSA understand that this has resulted in stevedores reducing the prices they charge shipping lines to attract and retain business. That lost revenue appears to have been the rationale for stevedores recovering costs via landside Infrastructure Surcharges (now more appropriately referred to as "Terminal Access Charges"), an unregulated charge for access to international container terminals.

It is clearly a case of 'follow the leader' with each introducing a similar fee and taking turns to ratchet up the pricing.

All businesses face a dilemma of how to deal with unavoidable costs such as rent, infrastructure, labour and power. Those same businesses are then forced to either absorb costs or pass them on to their commercial clients. Similarly, the position from FTA / APSA, is that stevedores should either absorb operating costs or pass these on to their commercial client. Shipping lines then have the choice to absorb costs or pass these onto exporters, importers and freight forwarders through negotiated freight rates and associated charges.

FTA / APSA acknowledges suggestions by some state government representatives of a statutory monitoring process to oversee further price increases but does not see this as an appropriate long term solution.

Existing Terminal Access Charges are already excessive, costing shippers in excess of $300 million per annum. Incremental increases on this base would continue the devastating impacts on Australian shippers.

COMMERCIAL MODEL

It is the understanding of FTA / APSA that shipping lines (Lines) engage the stevedore to handle their vessel and associated containers under a Liner Service Agreement (LSA). This agreement covers all aspects of handling the vessel for load / unload as well as receive from and deliver to those parties who have authority from the Lines. Under that premise, all charges for services managed by the stevedores should be for the account of the Lines as their contracted client.

Furthermore, transport operators (rail and road) are required to enter into a Carrier Access agreement with the stevedores. These agreements, we are advised, are non-negotiable. Transport operators must sign or are denied access to the respective stevedore. FTA / APSA is of the understanding that these agreements hold the transport operator liable for any charges the stevedore wishes to apply – in effect, holding transport operators to ransom with no negotiation rights.

Road transport operators receive and deliver containers in line with timeframes allocated via the stevedore's Vehicle Booking Systems (VBS). A long-standing fee applies to the administration of this system to ensure maintenance and support of these vital systems. FTA / APSA sees such fee as being appropriate, however objects to the mechanism to be also used to recover other costs that should be directed to Lines as a part of their commercial contracts.

The spreadsheet at **ATTACHMENT A** shows the evolution and timeline for increases of Terminal Access Charges. The below summary indicates, in the main, when charges were initially instigated and justification for price rises.

2010 – July

Patrick terminal (Brisbane) commenced reference to the terminology "Infrastructure Surcharge" and collection of this fee via the VBS – reference was made to infrastructure costs, in particular lease fees and that these costs could not be continued to be absorbed.

Full correspondence at **ATTACHMENT B**

2013 – March

DP World terminal Brisbane advise "following receipt of our Market Rent review from the Port of Brisbane Pty Ltd" a change ($28.00) to the infrastructure charge (initially $4.95) was applied.

Full correspondence at **ATTACHMENT C**

2014 – March
Patrick terminals in Melbourne advise "Rent and rates charges at the Port of Melbourne have increased considerably in the last few years and throughout our current tenancy at East Swanson Dock (ESD)." "From the 10th of March 2014, we will apply an infrastructure surcharge at the Patrick ESD Terminal as part of the basis on which access to the Terminal is granted" – this was explained due to a large part of their terminal being dedicated to servicing road transport

Full correspondence at **ATTACHMENT D**

2017 – July
Patrick terminals Sydney & Fremantle - advice of infrastructure charges to be commenced citing rent, land tax and council rate increases along with rising terminal infrastructure maintenance costs. This is contrary to advice from NSW Ports that rents had not increased.

Full correspondence at **ATTACHMENT E**

2019 – March
VICT terminal in Melbourne advise an increase to $85 of the infrastructure fee (initially imposed in March 2018 at $48.00) – reference was also made to "market pricing shifts" towards splitting waterside and landside.

Full correspondence at **ATTACHMENT F**

2020 – March / May
In March and May respectively Patrick and DP World made similar announcements of adjustments to their infrastructure fees - whilst focusing on a lowering (DPW dropped their export fee by 10 – 18% depending on the port) or maintaining (Patrick kept theirs the same with exception of Fremantle which jumped 233.33%) both operators increased their import fees 23 – 27% and 47-53% respectively.

DIRECT COSTS TO SHIPPERS

2017 TO 2019 – RAPID INCREASES

Terminal Access Charges nationally have significantly increased since implementation. The Australian Competition and Consumer Commission (ACCC) Container Stevedoring Report for 2017-2018, listed revenue from infrastructure charges at $100 million. It is important to note that this was the first full year of the expanded use of charges. According to the ACCC, the charges again significantly increased in 2018-2019 to $167 million.

2019 – CONSERVATIVELY $300 million +

FTA / APSA have undertaken a review of Terminal Access Charges for the 2019 calendar year using container number sources from the various Port Authorities with charges averaged across the stevedore imposed fees

- Total number of Import Containers – 2,683,438

Total number of Export Containers – 1,640,814

- Total Infrastructure Costs - $254,454,685.00
- % of infrastructure costs on imports - $157,914,577.00
- % of infrastructure costs on exports - $96,540,107.00

It is important to note that the charges are commonly marked-up by transport operators to cover administration and cash flow costs.

This in effect means that costs paid by shippers (exporters and importers) conservatively exceeded $300m per annum.

2020 - FURTHER INCREASES / IMPACTS OF COVID-19

Terminal Access Charges have significantly increased in 2020. Current charges are listed in the below table.

STEVEDORE	PORT	EXPORT	IMPORT	EFFECTIVE
Flinders Adelaide Container Terminal	Adelaide	$28.96	$28.96	4-Mar-19
Australian Amalgamated Terminals (AAT)	Brisbane	$38.70	$38.70	8-Nov-18
DP World Australia	Brisbane	$79.50	$109.50	1-May-20
Hutchison Ports	Brisbane	$50.00	$50.00	19-Aug-19
Patrick	Brisbane	$82.50	$114.50	9-Mar-20
DP World Australia	Fremantle	$45.00	$45.00	1-Jan-20
Patrick	Fremantle	$25.00	$50.00	9-Mar-20
DP World Australia	Melbourne	$79.50	$125.00	1-May-20
Patrick	Melbourne	$82.50	$125.80	9-Mar-20
Victoria International Container Terminal (VICT)	Melbourne	$121.80	$121.80	1-Jan-20
DP World Australia	Sydney	$79.50	$112.10	8-May-20
Hutchison Ports	Sydney	$63.11	$63.11	18-Nov-19
Patrick	Sydney	$82.50	$114.50	9-Mar-20

The devastating impacts of COVID-19 will undoubtedly impact on container volumes, however further increases of the Terminal Access Charge by stevedores during this economic crisis has been implemented and is likely to maintain a substantial revenue stream for stevedores comparative to 2019.

FTA / APSA note the May 2020 independent financial evaluation from UBS (extract below) making the assessment that government intervention on Terminal Access Charges is perceived as “low risk” contributing to their market assessment on Qube stock to “Buy”. (noting their share in Patrick stevedoring ownership)

Earnings changes *- We have reduced our EPS forecasts by 10-11% to reflect the higher share count and lower volumes within Patrick and certain parts of the operating division.* ***We note recent press around potential intervention on Terminal Access Charges which would be a negative for Patrick but we feel this is a low risk at this stage.***

OPERATIONAL IMPACTS ON SHIPPERS

The imposition of Terminal Access Charges has been devastating for Australian shippers who have, in some cases experienced price increases of over 2,000%, in only a few short years. As outlined in a 2019 Senate Committee submission prepared by FTA / APSA, a major Australian exporter of flour, starch, gluten and stockfeed, shipping 22,140 containers per annum paid $833,571 in extra costs; similarly an exporter of paper and recyclables, shipping 42,122 containers in 2018, paid $1,585,893.30 in extra costs.

Since this time, FTA / APSA has received extensive correspondence from members outlining further substantial increases and adverse operational impacts. Below is a sample of correspondence highlighting the impacts of these charge on Australian commerce and regional farming communities:

Roger Fletcher (Fletcher International Exports – FIE) – 8 November 2019

Full correspondence at **ATTACHMENT G**

Typically, FIE moves in excess of 23,000 full containers through Port Botany, Sydney annually. With the current outlook, Port Botany's average Infrastructure Levy from January 2020 will be over $77.20 per laden box, without any further rises by Patrick factored in. This equates to $3.15/mt of grain packed by FIE in a container, putting FIE at a significant disadvantage to bulk vessels, forcing the business to consider bulk alternatives. This reduction in margin is inevitably passed back down the supply chain to the farmer through lower paddock prices for their grain. For FIE's NSW business alone the infrastructure levy equates to a whopping $1,775,600 paid annually, ultimately creating the equivalent void back within regional farming communities.

Paul Goodman-Jones (Shipping manager – Wilmar Gavilon) – 3 December 2019

Full correspondence at **ATTACHMENT H**

From a trading perspective the Australian Agricultural sector are now faced with higher landside supply chain costs further diminishing our international competitiveness on top of a crippling drought. Historical markets in the Asia / PNG / Pacific Rim now have capability of sourcing agricultural products from competing Black Sea and North America regions. With blue water supply chains from these origin countries now established, these markets, historically sourced from Australia agriculture could be lost permanently to Australian producers. The only way our Australian sector can regain these markets once we return to an exportable harvest is to then buy our way back into the market at the expense of the producer. These infrastructure charges are harmful to the Australian Agriculture sector.

Mathew Kelly (CEO KM & WM Kelly & Sons) – 8 December 2019

Full correspondence at **ATTACHMENT I**

The recent harvest(s) has been lower than expected due to drought, however in 2017 we packed 5,500 containers through our Tocumwal facility and other packing houses through-out Victoria. With the current Terminal Infrastructure Fee at DP World of $83.50 per container, the impact is $459,250/mt being moved from regional communities. With our potential to increase our container out-put to 15,000 annually the flow on effects are stifling further investment with the entire container supply chain market.

Mark Lewis (General Manager – Riordan Grain Services – RGS) – 13 December 2019

Full correspondence at **ATTACHMENT J**

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. 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.

Jack King (Commercial & Procurement Manager – Malteurop Australia) – 27 December 2019

Full correspondence at **ATTACHMENT K**

Since our Geelong Malthouse was established in 1998 we have been a significant end user of Malt Barley for the Victorian grain producers. Recently we have expanded our Malthouse capacity to more than double its previous output so we now export approximately 8000 TEU's from our Geelong plant via the Melbourne Port(s) per annum. When these surcharges are applied across that number of containers it becomes a significant cost to doing business into the ever competitive Asian Malt markets. That is not something we can sustain going forward and it flows back down the chain to growers - if we cannot sell our Malt then we simply buy less Barley from the growers.

GOVERNMENT RESPONSE

The following is a general summary of responses received by FTA / APSA to date from government:

ACCC – The ACCC's focus has been on establishing a misuse of market power case noting there has to be a substantial lessening of competition as a result of the conduct of a business with substantial market power. The ACCC claim that they have not received evidence to date that would meet this threshold. The ACCC is finding it difficult to draw strong conclusions from the data they receive from their monitoring functions about how much of the cost burden should fall to the landside versus seaside.

FTA / APSA has also provided a detailed submission in response to the ACCC Discussion paper *Proposed Class Exemption for Ocean Liner Shipping* noting that the Liner market consolidation plus the emergence of stevedore-imposed Infrastructure Surcharges has resulted in supply chain costs rapidly increasing, exposing significant deficiencies in the effectiveness of Part X of the Competition and Consumer Act in being able to achieve basic shipper protections. One of the nine recommendations from FTA / APSA is to mandate incorporation of stevedore fees within shipping line contracts, negating stevedore-imposed Infrastructure Surcharges administered on the transport sector.

VIC – Feedback from Freight Victoria and the Minister's office indicates they are cautiously heading towards some form of regulation – most recent correspondence from the Hon Melissa Horne, Minister for Ports and Freight on 23 April 2020 is available at **ATTACHMENT L**.

QLD – Disappointing, initial engagement with the Hon Mark Bailey (Minister for Transport and Main Roads) and the Director-General Department of Transport and Main Roads suggests that stevedoring services are not regulated by the state – most recent correspondence received from the Department on 5 May 2020 is available at **ATTACHMENT M**.

WA – The office of Alannah MacTiernan (Minister for Ports) is actively engaging with FTA / APSA and appear to genuinely appreciate concerns raised.

NSW – FTA / APSA has had regular engagement with the **Hon Andrew Constance** and the NSW Productivity Commissioner and remain hopeful of action from their review.

FTA/APSA received correspondence from Hon Andrew Constance MP Minister for Transport and Roads (NSW) on Friday 17 April 2020 highlighting the following:

- the Minister is aware that the landside transport and import/export industries will face difficulties maintaining ongoing financial sustainability during the COVID-19 pandemic and that associated risks exist for supply chain bottlenecks;
- given the unprecedented situation posed by the COVID-19 pandemic and the crucial role of all parties involved in the supply chain in moving freight during this pandemic, it is the NSW Government's strong view that now is not the time to increase stevedore-imposed Terminal Access Charges;
- the Minister has written to Port Botany stevedores, regarding concerns raised by FTA/APSA and others in the road freight industry calling for restraint in not increasing infrastructure surcharge charges for at least the duration of the COVID-19 response; and
- in recognition that cash flow is a pain point raised by the road freight industry, the Minister has requested that Port Botany stevedores engage with Transport for NSW (TfNSW) and the road transport sector to find a solution to payment terms.

Full correspondence is available at **ATTACHMENT N**.

Unlike other states that would require new legislative provisions for intervention, NSW has at their disposal the *Ports and Maritime Administration Act Schedule 4* that provides a broad sweeping power to allow the Minister to regulate these charges without limitation (extract below).

> ***Supply chain charges***
>
> *Regulating (or authorising the Minister to regulate) the charges (supply chain charges) that may be imposed for or in connection with the operation or provision of facilities or services of the port-related supply chain at a port or supply chain facility, including (without limitation):*
>
> *(a) setting maximum supply chain charges, and*
>
> *(b) regulating the manner in which supply chain charges are to be set or determined (for example, by*

providing for charges to be set by means of an auction or other market-based pricing mechanism), and

(c) specifying or otherwise determining the persons by whom supply chain charges are payable, and

(d) regulating the collection and recovery of supply chain charges, and

(e) prohibiting the imposition, collection or recovery of supply chain charges contrary to the regulations.

FEDERAL - the timing is right for federal government intervention noting that it is leading by example in making the decision not to proceed with its own Onshore Biosecurity Levy (estimated to collect in excess of $110 million per year).

In a media statement released 20 May 2020, the Department of Agriculture, Water and Environment stated *"This decision has also been made in consideration of the ongoing impacts of drought, bushfires and COVID-19 on the Australian economy and the rapidly changing global trade environment."* – refer **ATTACHMENT O**

In line with this decision, a sustained paradigm shift in government priorities is required in favour of shippers. It is the efficient movement of goods that will lead our economic recovery and generate national wealth, not the welfare of Lines or infrastructure owners. We look forward to government respecting and prioritising the needs of Australian exporters and importers.

ATTACHMENT A

DATE	VBS SURCHARGE	SYDNEY				MELBOURNE				BRISBANE					FREMANTLE			ADELAIDE	
		DPW	PAT	HUTCH		DPW	PAT	VICT		DPW	PAT	HUTCH	AAT		DPW	PAT		FLINDERS	
IMPORTS / EXPORTS																			
23/08/2010										$4.95									
1/10/2010											$17.75								
1/07/2011											$18.30								
4/03/2013										$28.00									
10/03/2014							$3.50												
23/02/2015						$3.50				$31.00									
11/01/2016										$32.10									
1/07/2016											$28.75								
1/01/2017										$32.74									
3/04/2017	**INFRASTRUCTURE**	$21.16				$32.50						$32.00							
10/7/2017	INFRASTRUCTURE		$25.45	10.45			$32.00				$32.55	$32.60				$4.76			
1/1/2018	INFRASTRUCTURE	$37.65				$49.20				$38.75					$8.22	$7.50		28.50	
12/3/2018	INFRASTRUCTURE		$41.10				$47.50	$48.00			$38.25								
				35.84								$33.10							
11/2018													$38.70						
1/1/2019	INFRASTRUCTURE	$63.80				$85.30				$65.15									
4/3/2019	INFRASTRUCTURE		$77.50				$82.50	$85.00			$71.50							28.96	
19/8/2019												$50.00							
18/11/2019				$63.11															
1/1/2020	INFRASTRUCTURE	$91.00				$98.00		$121.80		$89.00					$45.00				
9/3/2020	**INFRASTRUCTURE**		$114.50				$125.80				$114.50					$50.00			
8/5/2020	**TERMINAL Access**	$112.10				$125.00				$109.50									
	Increase $ on original	90.94	89.05	52.66		121.50	122.30	73.80		104.55	96.75	18.00			36.78	45.24		0.46	
% Increase on original		429.77	349.90	503.92	%	3471.43	3494.29	153.75	%	2112.12	545.07	56.25		%	447.45	950.42	%	1.61	%
EXPORTS																			
9/03/2020			82.50				82.50				82.50					25.00			
8/05/2020		79.50				79.50				79.50									

ATTACHMENT B

PATRICK

Patrick Terminals

Patrick Stevedores
Operations Pty Limited
ABN 33 065 375 840

PO Box 734, Wynnum QLD 4178
Berth 10 Curlew Street
Port of Brisbane QLD 4178

Tel: 07 3895 5000
Fax: 07 3895 5199

Patrick Brisbane Autostrad Terminal – Infrastructure Surcharge

On 21 July, 2010 the Divisional General Manager of Patrick Container Ports, Mr Paul Garaty, wrote to clients in relation to unsustainable cost increases in the Port of Brisbane. This correspondence was subsequently circulated locally under cover of Patrick Brisbane Client Advice No. 9 of 22 July 2010 and broadcast to the road transport industry by the Queensland Trucking Association via their Waterfront Carriers News Brief No. 5 of 28 July 2010.

Through this correspondence Patrick indicated that the level of increase it had sustained in infrastructure costs, principally lease costs, could no longer be absorbed within operating margins and as such an infrastructure surcharge was under active consideration.

It is a fact that our lease costs per square metre have risen 400% since December 2005, a rate of increase which is excessive relative to other Australian ports and, notwithstanding the Company's efforts to offset this by way of productivity and efficiency enhancements, beyond our capacity to bear.

The ACCC endorsed Independent Price Expert in the recently completed review of Terminal Operator AAT's pricing at Fisherman Islands, made the following observations in regard to property values at the Port of Brisbane;

> *"As a result of the May 2008 review PBC claimed that the value of these assets, and hence the base on which the rent is calculated, increased by 390%"*

Accordingly it has been decided to include an infrastructure surcharge at the Patrick Brisbane Autostrad Terminal from 1 October 2010 as part of the basis on which access to the Terminal is granted.

The infrastructure surcharge will be applied to road transport operators for all full container movements, both import and export, made at the Terminal. The rate of the infrastructure surcharge will be $17.75 per container which will be invoiced electronically via One Stop. The surcharge will be covered by the existing terms and conditions of the Vehicle Booking System, including payment terms, with ongoing access to the Terminal conditional upon prompt settlement. It is important to note that a substantial part of our Terminal, including our dedicated Truck Marshalling Area, is devoted to the servicing of road transport and that the cost of providing this specialist infrastructure has, like the Terminal as a whole, been subject to the level of increase indicated above.

All full containerised cargo moving to and from the Terminal will be subject to the infrastructure surcharge. This includes under the VBS system, bulk runs of full containers and transfers of containers from Cargolink and the Brisbane Multimodal Terminal.

Patrick sincerely regrets that this action has become necessary however it is important to realise that we have borne increases in infrastructure costs for several years and that we are no longer in a position to do so. Accordingly the increased cost of container terminal infrastructure in the Port of Brisbane needs to be passed on through the transport chain.

The Patrick Yard Management staff and I are happy to provide clarification in relation to this development as necessary.

Yours sincerely

Matt Hollamby
Terminal Manager - Brisbane

ATTACHMENT C

DP WORLD
Brisbane

Fisherman Islands Terminal
Port Drive
Port of Brisbane QLD 4178
PO Box 702
Wynnum QLD 4178

Tel: +61 7 3895 9222
Fax: +61 7 3895 1221
www.dpworld.com

19th February 2013

NOTICE TO DP WORLD CUSTOMERS

By e-mail

Dear Customer,

Re: Infrastructure Surcharge

DP World Brisbane provides notification to all customers of a change to the Infrastructure Surcharge with effect 4th March 2013 following receipt of our Market Rent review from the Port of Brisbane Pty Ltd.

The Infrastructure Surcharge will be $28.00 (excluding GST) per full container and will be applicable to all container movements handled via gate operations. Charges shall continue to be levied via the Vehicle Booking System and covered by the existing Carrier Access Arrangements including payment terms.

DP World Brisbane regrets the increase in the Surcharge, however have been left with no alternative but to pass on the increases we have experienced following this review.

Yours sincerely,

Mark Hulme
Director and General Manager
DP World Brisbane

DP World Brisbane Pty Limited
ABN: 86 130 876 701

Patrick Terminals

Patrick Stevedores Operations Pty Limited
ABN 33 065 375 840

Level 6, 15 Blue Street
North Sydney NSW 2060

Telephone: 61 2 8484 8000

New Infrastructure Surcharge East Swanson Dock from 10 March 2014

Rent and rates charges at the Port of Melbourne have increased considerably in the last few years and throughout our current tenancy at East Swanson Dock (ESD). Since 2006, the combined cost of land tax, rental and council rates at ESD has increased in excess of 90%. Whilst we have implemented a number of initiatives to improve efficiency and productivity in order to avoid the imposition of additional costs on the supply chain, we can no longer absorb all of these excessive charges.

From the 10th of March 2014, we will apply an infrastructure surcharge at the Patrick ESD Terminal as part of the basis on which access to the Terminal is granted. The surcharge will be applied to road transport operators for all full container movements (VBS and Bulk Runs), both import and export, handled at the Terminal. The surcharge of $3.50 per container will be invoiced electronically via One Stop.

The surcharge will be covered by the existing terms and conditions of the Vehicle Booking System, including payment terms. Ongoing access to the Terminal will be conditional on payment of the charges as per our conditions. It is important to note that a substantial part of our Terminal, including our dedicated Truck Marshalling Area, is devoted to the servicing of road transport and that the cost of providing this specialist infrastructure has, like the Terminal as a whole, been subject to the cost increases indicated above.

It is important to note that we have absorbed previous increases in infrastructure costs for several years however this is no longer sustainable. Patrick will apply the surcharge to all road transport operators on exactly the same basis. The charge will be reviewed annually along with our other terms and conditions.

Patrick will continue to strive to maintain exemplary service to all transport operators ensuring rapid turnaround of trucks.

Please contact Chris Brewster on (03) 9688 5680 with any queries.

Regards

Peter Nash

GM, Sales and Marketing

Terminals and Logistics

Head Office

Level 6, Blue St
North Sydney 2060

www.patrick.com.au
ABN 44 007 427 652

ATTACHMENT E

Patrick Terminals – Infrastructure Surcharge and Ancillary Charges: effective 10 July 2017

Rent, land tax and Council rates continue to increase considerably across Patrick's Terminals. We have been notified of rental increases within our property portfolio of over 140%, with some being backdated to 1 July 2015. These increases place a significant additional cost burden on our operations. The new management at Patrick has rigorously pursued a number of initiatives to improve efficiency and productivity but, faced with the current market conditions and the ongoing consequences of the port privatisations, we can no longer absorb these excessive charges over and above CPI within our operating margins.

In addition to the below charges, Patrick also incurs rising Terminal infrastructure maintenance costs relating to the landside interface operations. This maintenance is essential to continue to provide our customers with superior service levels. Since 2015, Patrick's investment in dedicated landside infrastructure of over $285m across all of our Terminals has resulted in material improvements in the efficiency of the landside operations including reduced truck turn-around times and congestion. To date, none of these investment costs have been passed on to our customers.

Accordingly, from 10 July 2017, it has been decided to:

- introduce an infrastructure surcharge at the Sydney and Fremantle Terminals; and
- increase the existing infrastructure surcharge at Fisherman Islands and East Swanson Dock Terminals,

as part of the basis on which access to the Terminals is granted. The new surcharge at Sydney and Fremantle brings these Terminals into line with Patrick's other Terminals.

The infrastructure surcharge will be applied to both road and rail transport operators for all full container movements, both import and export, made at the Terminals. Road operators will be invoiced electronically via 1-Stop while rail operators will have the surcharge separately itemised on their rail invoice. Patrick recognises these charges may impact our transport and logistic customers' working capital requirements. We will, therefore, be extending the credit terms for all Patrick 1-stop charges (including VBS and Infrastructure surcharges) from the current 7 day terms to 30 day terms for all customers. Ongoing access to the Terminals is conditional upon prompt payment in accordance with Patrick's conditions.

The rates of the surcharges are as follows:

- Sydney $25.45 per box
- Fremantle $4.76 per box
- Fisherman Islands $32.55 per box
- East Swanson Dock $32.00 per box

Furthermore, increased labour and energy costs have forced us to increase all Ancillary Charges from 10 July 2017. The new rates have been published on Patrick's website (www.patrick.com.au).

We regret this change to our cost structure but without sacrificing infrastructure investment and further performance improvements, we have been left with no alternative.

Please contact your Patrick representative should you wish to discuss these changes.

Yours sincerely

Ashley Dinning

Ashley Dinning
Chief Commercial Officer

Port Botany
Gate B105a Penrhyn Road
Port Botany NSW 2019
PO Box 695, Matraville
NSW 2036

patrick.com.au
ABN 33 065 375 840

ATTACHMENT F

Victoria International Container Terminal Limited
78 Webb Dock Drive, Port Melbourne, VIC, 3207
PO BOX 5032, Garden City, VIC, 3207

VICT Landside Update

Issued: 30th January 16:25hrs

Customers are advised that from 1 March 2019, VICT will be increasing the Infrastructure Surcharge to $85.00 per container (exclusive of GST) and will apply to all full containers, received or delivered to VICT.

As market pricing shifts towards split waterside and landside tariffs, the Infrastructure Surcharge will be revised accordingly. The rebalancing allows VICT to remain competitive in the market, whilst continuing to provide shipping lines and shippers with leading service levels and a viable alternative container terminal in Melbourne. Ongoing access to VICT will be conditional on payment of these charges as per our terms and conditions.

Please contact the VICT Commercial team on 03 8547 9700 should you wish to discuss these changes further.

To subscribe to these notifications please go to www.vict.com.au/#/subscription

ATTACHMENT G

Fletcher International Exports Pty Ltd

ABN 64 003 213 652
Yarrandale Road, Dubbo, N.S.W.2830
Australia
Locked Bag 10, Dubbo, NSW. 2830. Australia
Telephone : (612) 6881 8133
Email : grain@fletchint.com.au

8 November 2019

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

Infrastructure Surcharge – FTA / APSA escalation of advocacy activity

Dear Paul,

I am writing to you in support of the work you are conducting around the Infrastructure Surcharge – FTA / APSA escalation of advocacy activity. This situation deeply concerns our business. Below I have some comments around the impacts of these levies directly and indirectly.

The recently introduced infrastructure levies are a direct charge to terminal users for every loaded container inbound or outbound from the port. User's must pay or lose the ability to deliver and pickup from each terminal.

Background

- 17th April 2017 DPW introduced the first infrastructure levy ($21.16 per laden box)
- 10th July 2017 Patrick's introduced an infrastructure levy ($25.45 per laden box)
- 1st January 2018 DPW increased the infrastructure levy to ($37.65 per laden box)
- 12th March 2018 Patrick's increased the infrastructure levy to ($41.10 per laden box)
- 25th June 2018 Hutchison introduced an infrastructure levy ($10.45 per laden box)
- 1st January 2019 DPW increased the infrastructure levy to (63.80 per laden box)
- 1st May 2019 Hutchison increased the infrastructure levy to ($35.84 per laden box)
- **4th March 2019 Patrick increased the infrastructure levy to ($77.50 per laden box)**
- **18th November 2019 Hutchison will increase the infrastructure levy to ($63.11 per laden box).**
- **1st January 2020 DPW will increase the infrastructure levy to ($91.00 per laden box)**

Fletcher International Exports Pty Ltd Impacts

FIE's Dubbo based business has been a consistent exporter of high and low value Australian agricultural products for almost 50 years. In the past two and half years infrastructure levies have begun enforcement. Typically, FIE moves in excess of 23,000 full containers through Port Botany, Sydney annually. With the current outlook, Port Botany's average Infrastructure levy from Jan 2020 will be over $77.20 per laden box, without any further rises from Patrick's port factored in. This equates to $3.15/mt of grain packed by FIE in a container, putting FIE at a significant disadvantage to bulk vessels, forcing the business to consider bulk alternatives. This reduction in margin is inevitably passed back down the supply chain to the farmer through lower paddock prices for their grain. **For FIE's NSW business alone the infrastructure levy equates to a whopping $1,775,600.00, paid annually,** ultimately creating the equivalent void back within regional farming communities.

1

ATTACHMENT G - continued

To extrapolate these costs across Port Botany entirely, there are approximately 1,800,000 full containers moved through the port annually = $138,960,000.00 in Infrastructure levies paid by importers / exporters in Sydney, NSW, alone. This levy ultimately increases the cost of living for consumers and reduces incomes for export supply driven families. With the estimated population of the working aged people 66% in NSW being approximately 4.95M people, this equates to a negative result of $28 per person in NSW annually.

Other key comments surrounding this issue:

- We are led to believe that the additional stevedore built in Sydney (Hutchison's Port), created additional quay line competition which caused stevedores to lower their vessel servicing rates in order to maintain shipping line volumes. The cut throat pricing on vessel servicing fees has been captured by shipping lines, but not passed back to importers or exporters at all. It has been absorbed as shipping line revenue. Meanwhile the stevedores have cut breakeven deals with shipping lines which they now have to honour. The stevedores being private businesses need to make a decent return and thus the infrastructure levy was introduced. Since there is no regulation, there is no telling where this new revenue stream for the stevedores will end.
- Initially the Infrastructure fee was introduced and announced as being caused by rising rents – NSW Ports has confirmed rents have actually decreased.
- The fee is being passed through the system indirectly i.e. through road and rail operators and not direct to importers/exporters so (a) cost is actually higher and (b) we as exporters do not have any type of formal agreement in place with the stevedore parties for these charges to be incurred.
- The performance has not changed since the fee was introduced and escalated since.
- There is no deterrent in place to cap this cost and will no doubt continue to escalate. Certain stevedore parties are now using the fee as a business growth strategy.

Fletcher International Exports Pty Ltd sits in a very sensitive position, dealing in low value agricultural commodities, which are most highly effected by this levy. FIE is very concerned around the lack of negotiating power exporters have and lack of government regulation supporting the import/export sector. FIE is very keen to hear of feedback from Peter Achterstraat (NSW Productivity Commissioners) review of this issue. Every day we as exporters are disadvantaged by higher costs to market, compared to our competing supply nations, is a day our economy goes backwards. It is critical we remain competitive across the world and back to farmers, taking control of our costs to market, and not be taken advantage of by large shipping lines or stevedoring companies.

Kind Regards

R J Fletcher

Roger J Fletcher
Fletcher International Exports Pty Ltd

ATTACHMENT H

3rd December 2019

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

REF : TERMINAL INFRASTRUCTURE SURCHARGES

Dear Paul,

We would like to highlight the impacts to the supply chain costs that Wilmar International and our associated companies are incurring with the increasing fees applied by container terminals in relation to infrastructure surcharges / levies.

About us:

Wilmar Gavilon is a 50/50 Joint Venture between Wilmar International and Gavilon LLC, a 100% owned entity of Marubeni Corporation

Operations in Australia and New Zealand

Part of a vertically integrated feed ingredients supply chain group.
Importing edible oils, Palm Kernel Meal, Specialty Fats and Molasses into Australia and New Zealand.

Exporting Fats, Protein Meals, Grains, Oilseed and Pulses from Australia and New Zealand
Own and operate a dry bulk, bulk liquid and container packing facility in Brisbane called Queensland Bulk Terminals.

Wilmar International also own Goodman Fielder International – brands include White Wings, Pampas, Ernest Adams, Helgas, Wonder White, Praise, Cornwells, Meadow Lea, Gold n Canola and Crisco Oils; and Sugar Australia – CSR Sugar brand.

In Australia, our group handles in excess of 20,000 containers annually, import and export through the five main container ports. Current infrastructure fees represent additional costs exceeding AUD1.5million p.a., with further increases advertised from 1-JAN-2020 at some terminals.

With our integrated vertical supply chain, commodities and ingredients supplied to Goodman Fielder milling and production facilities are exposed to all incremental costs. Currently these infrastructure charges represent additional AUD4-5 per metric tonne which are passed through the cost of production and ultimately the retail price of these staple foods in Australia, and the wider Pacific region.

Level 1, 26 Kiln Street, Darra Queensland, 4076 | PO Box 220, Archerfield, Queensland, 4108
Phone: +61 7 3713 8700 | Fax: +61 7 3713 8717

ATTACHMENT H - continued

From a trading perspective the Australian Agricultural sector are now faced with higher landside supply chain costs further diminishing our international competitiveness on top of a crippling drought. Historical markets in the Asia / PNG / Pacific Rim now have capability of sourcing agricultural products from competing Black Sea and North America regions. With blue water supply chains from these origin countries now established, these markets, historically sourced from Australia agriculture could be lost permanently to Australian producers. The only way our Australian sector can regain these markets once we return to an exportable harvest is to then buy our way back into the market at the expense of the producer. **These infrastructure charges are harmful to the Australian Agriculture sector.**

Another point that needs raising is the "double-dipping" these landside infrastructure charges represent to Australian cargo owners. Terminal Handling Charges, vastly higher than our nearest Asian trading partners, are already recovered from shippers and importers by shipping lines along with ocean freight. Cargo owners are paying stevedore's charges twice.

For decades Australian cargo owners have been subjected to the duopolistic practices that existed on the Australian waterfront from the two main stevedores. The addition of a third terminal operator on the main east coast ports has resulted in this new practice designed to increase stevedore revenue through cargo owners by avoiding discussion with their contracted customers – the shipping lines. Cargo owners have no direct consultation as to which terminal the carriers use, and shipping lines deny any responsibility in regards to these additional costs. The result is that the cargo owners have no recourse against terminal operators and despite claims of increases in efficiencies with quayside operations, the cost of shipping through Australian container ports continues to escalate with no real benefit to cargo owners.

A summary of the latest infrastructure charges around the main Australian ports are attached for your reference. Without regulation, there is every sign these charges will continue to be increased in pursuit of stevedoring profit without accountability.

Sincerely

…………………………………

Paul Goodman-Jones
Shipping Manager
Wilmar Gavilon Pty Ltd

Level 1, 26 Kiln Street, Darra Queensland, 4076 | PO Box 220, Archerfield, Queensland, 4108

Phone: +61 7 713 8700 | Fax: +61 7 3713 8717

ATTACHMENT I

K M. & W. M. KELLY & SONS

Grain Merchants

A.B.N. 43 509 690 736
P.O. Box 244 Finley NSW 2713
30-32 Berrigan Road Finley, N.S.W. 2713
Phone (03) 5883 3422
Email: info@kellygrains.com.au

December 8th 2019

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

Subject: Terminal Infrastructure Surcharges at the Port of Melbourne

Dear Paul,

I am writing to you in support of the advocacy work in relation to the surcharges in Terminal Infrastructure Surcharges. Also, to show you the impact on supply chain costs that KM & WM & Kelly Sons (Kelly Grains) are incurring as a result.

Kelly Grains are is a family owned and operated company with 80 years as Grain Merchants and Logistics Specialists. The business commenced in Tocumwal (NSW) and has developed a 250,000mt grain storage facility. We have a direct rail link via the Tocumwal-Melbourne line which we supply bulk rail and containers to Melbourne ports. We also use have storage and container packing arrangements throughout the rest of regional Victoria along with metro packing houses.

In the last 20 years we have shifted the operations of the business from bulk rail loading primarily for export to containers. This has been due to the deregulation of the Australian grains industry. This has enabled us to develop niche markets primarily into SE Asia. This has had a significant positive flow on effect to regional farming communities.

The recent harvest(s) has been lower than expected due to drought, however in 2017 we packed 5,500 containers through our Tocumwal facility and other packing houses through-out Victoria. With the current Terminal Infrastructure Fee at DP World Melbourne of $83.50 per container, the impact is $459,250/mt being removed from regional communities. With our potential to increase our container out-put to 15,000 annually the flow on effects are stifling further investment within the entire container supply chain market.

Recently we have been shipping grain (wheat) north to bulk rail loading sites to rail destinations in Northern NSW as a result of the infrastructure terminal fees. With the recent rail upgrades by the NSW government for the rail freight network and funding for Fast bulk rail loading facilities, this same rail pathways can be easily directed to bulk shipment ports in NSW at Port Kembla or Newcastle in exportable surplus years. The current and proposed terminal infrastructure fees allow for their catchment zone to only increase.

Kind Regards,

Matthew Kelly
CEO
KM & WM Kelly & Sons

ATTACHMENT J

Riordan
Grain · Transport · Storage

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 INFRASTRUCUTRE 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**
A.B.N. 35 076 271 148
Correspondence:
LARA: PO Box 27 Lara, VIC 3212 **Telephone:** (03) 5220 8888 **Facsimile:** (03) 5282 3543
E-mail: exports@riordangrains.com.au **Website:** www.riordangrains.com.au

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

Riordan Group Pty Ltd trading as **Riordan Grain Services**
A.B.N. 35 076 271 148
Correspondence:
LARA: PO Box 27 Lara, VIC 3212 **Telephone:** (03) 5220 8888 **Facsimile:** (03) 5282 3543
E-mail: exports@riordangrains.com.au **Website:** www.riordangrains.com.au

ATTACHMENT K

27th December 2019

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

REFERENCE: TERMINAL INFRASTRUCTURE SURCHARGES

Dear Paul,

Given the recent and continuous increases to the Terminal Infrastructure Surcharges charged by Port Terminals we are keen to flag the flow on effect to our supply chain costs as a result of this. As an exporter we bear the full impact of these fee increases which challenges our prospects of remaining competitive in a global market.

Since our Geelong Malthouse was established in 1998 we have been a significant end user of Malt Barley for the Victorian grain producers. Recently we have expanded our Malthouse capacity to more than double its previous output so we now export approximately 8000 TEU's from our Geelong plant via the Melbourne Port(s) per annum.

When these surcharges are applied across that number of containers it become a significant cost to doing business into the ever competitive Asian Malt markets. That is not something we can sustain going forward and it flows back down the chain to growers - if we cannot sell our Malt then we simply buy less Barley from the growers.

When the increase in these surcharges is quantified it seems extremely hard to justify how they can jump by such significant amounts in a relatively short time frame – that suggests something other than covering costs in our opinion.

We trust this letter adds further weight to the growing protests against these Surcharge increases.

Regards,

Jack King
Commercial & Procurement Manager
Malteurop Australia

Malteurop Australia Pty Ltd ABN 48 068 420 244
Po Box 235 / 32 Crowle Street, North Geelong, Victoria 3215 T: +61 (0)3 5277 1950 F: +61 (0)3 5277 1960

ATTACHMENT L

Hon Melissa Horne MP

Minister for Public Transport
Minister for Ports and Freight

1 Spring Street
Melbourne, Victoria 3000 Australia
Telephone: +61 3 8392 8020
DX 210292

Ref: CMIN-1-20-1932

Mr Paul Zalai
Via email: pzalai@ftalliance.com.au

Dear Mr Zalai

Thank you for your email of 1 April 2020, regarding DP World's latest increase of its infrastructure surcharge. I, like you, was disappointed to learn that DP World is to increase its access charges again for importers at the Port of Melbourne for the second time in four months at short notice.

The timing of this decision was particularly disappointing, coming at a time when Victoria is experiencing unprecedented pressures and disruptions across the port supply chain as a result of the COVID-19 crisis. This is a time when everyone should be pulling together to keep businesses open, people in jobs and keep goods moving to ensure essential services can continue to operate.

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.

DP World's decision runs counter to our commitment to pricing transparency, and points clearly to the need for the new standards we are now developing. I have asked DP World to explain the rationale for the price increase they have announced, and have raised my concerns with the timing of the announcement during the COVID-19 crisis and so soon after the last increase in these charges.

Thank you for again for sharing your concerns. I will keep you informed as matters progress in relation to the development of new pricing transparency standards for the Port of Melbourne.

VICTORIA State Government

Should you have any further queries please contact Mr Praveen Reddy, Executive Director, Freight Victoria on 8392 6196 or via email on praveen.reddy@transport.vic.gov.au.

Yours sincerely

Hon Melissa Horne MP
Minister for Ports and Freight
23/04/2020

ATTACHMENT M

Queensland Government

Our ref: DG38979

Office of the
Director-General

Department of
Transport and Main Roads

5 May 2020

Mr Sal Milici
Head of Border and Biosecurity
Freight and Trade Alliance
Australian Peak Shippers Association Inc
smilici@ftalliance.com.au

Dear Mr Milici

Thank you for copying me into your email of 23 April 2020 to the Honourable Mark Bailey MP, Minister for Transport and Main Roads, about port infrastructure access charges.

Firstly, as previously discussed with you, I would like to thank you for the continuing support from your organisation to ensure that the transport industry continues to function during this current time.

As you would be aware, the Australian Competition and Consumer Commission (ACCC) undertakes an annual monitoring report into stevedoring charges, with its most recent report released in November 2019. You would also be aware that the ACCC can only intervene if it finds evidence of collusive conduct or if stevedores use the fees to favour their own logistics operations, such as by waiving the fees, in a way that hurts competition. The ACCC does not have the power to determine how much stevedores charge.

In addition, you would also be aware that stevedoring services are not regulated by the State of Queensland. I would encourage, particularly during this time, that all industry considers costs and charges of operations to ensure that our economy can recover from this crisis. I further note the significant industry support that the Queensland and Australian Governments have and continue to provide. It will not be governments alone that will need to support industry sectors to ensure a positive recovery from the novel coronavirus (COVID-19) pandemic situation.

While the Department of Transport and Main Roads does not regulate this sector, it will continue to monitor the situation. Should you have any further information to provide about this issue, I would appreciate your advice.

Yours sincerely

Neil Scales

Neil Scales
Director-General
Department of Transport and Main Roads

1 William Street Brisbane
GPO Box 1549 Brisbane
Queensland 4001 Australia

Telephone **+61 7 3066 7316**
Website www.tmr.qld.gov.au
ABN 39 407 690 291

ATTACHMENT N

The Hon Andrew Constance MP
Minister for Transport and Roads
Leader of the House

Our ref: BN20/00217

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

Dear Mr Zalai

I am writing to inform you that I have written to the Port Botany stevedores, regarding concerns raised by your association and others in the road freight industry about increases to the infrastructure access surcharge for Port Botany and the current unprecedented situation posed by the COVID-19 pandemic.

The current COVID-19 environment is far from business as usual and the NSW Government recognises there are concerns across the supply chain including bottlenecks, cash flow, port procedures and shipping arrivals. We also recognise that the efficient operation of each element of the supply chain is critical to keeping freight and other essential services running, ensuring goods and services are able to get to where they are needed.

I am aware that with the emergence of the COVID-19 pandemic, supply chain stakeholders have reported that they are now experiencing additional cash flow pressures and that increases to the access charges are exacerbating those financial pressures.

I am also aware that the landside transport and import/export industries have raised concerns that further increases in port charges have the potential to undermine the ongoing viability of some operators during the COVID-19 pandemic.

Given the unprecedented situation posed by the coronavirus and the crucial role of all parties involved in the supply chain and in moving freight during this pandemic, it is the NSW Government's strong view that now is not the time to increase charges. I have therefore called for restraint from the Port Botany stevedores in not increasing infrastructure access surcharge charges for at least the duration of the COVID-19 response.

In recognition that cash flow is a pain point raised by the road freight industry, I have requested that Port Botany stevedores engage with Transport for NSW (TfNSW) and the road transport sector to find a solution to payment terms.

I have advised the stevedores that it would be beneficial to work with road transport operators to arrange relaxation of payment terms to assist operators with cash flow issues during this time. I have also noted that such arrangements may help to ensure operators are available in the interests of a competitive supply chain when trade rates return to more normal volumes.

GPO Box 5341, Sydney NSW 2001

ATTACHMENT N - continued

TfNSW will be in contact with your organisation to facilitate these discussions to improve terms of payment arrangements and they will shortly be in touch to arrange meetings.

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.

Yours sincerely

The Hon Andrew Constance MP
Minister for Transport and Roads
Leader of the House

16/04/2020

ATTACHMENT O

Australian Government
Department of Agriculture, Water and the Environment

Media statement

20 May 2020

Onshore Biosecurity Levy

Following broad industry consultation and further consideration of the impacts on industry, the Australian Government has made the decision not to proceed with the Onshore Biosecurity Levy.

The department undertook a co-design process with industry to develop a levy model that was practical for industry and the government.

This process highlighted that a levy could not be implemented without significant regulatory impacts on industry and proposed levy payers.

This decision has also been made in consideration of the ongoing impacts of drought, bushfires and COVID-19 on the Australian economy and the rapidly changing global trade environment.

The department would like to thank the Industry Working Group and other stakeholders who provided valuable input and feedback on the proposed levy design.

A levy will not be progressed and this decision will not impact on the overall biosecurity budget.

Australia's biosecurity system will continue to be funded through existing arrangements.

Since 2012-13, budget for biosecurity programs has increased by more than 40 per cent, or almost $250 million, with approximately $850 million available in 2019-20.

Biosecurity is vital for Australia. It delivers important benefits to the community, the environment, our farmers, importers and exporters.

Australia's biosecurity system also underpins $60 billion in agricultural production, $49 billion in agricultural exports and $42 billion in inbound tourism.

The department will continue to work with industry and the government to ensure Australia's biosecurity system manages the risks of pests and diseases now and into the future.

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Canberra City ACT 2601 | GPO Box 858
Canberra City ACT 2601 | **agriculture.gov.au**
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