

“KEEPING AUSTRALIA’S INTERNATIONAL TRADE MOVING”



Australian Peak Shippers Association Inc. (APSA)

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### DP WORLD IN DISARRAY, FORGE AHEAD WITH TERMINAL ACCESS CHARGES - GOVERNMENTS PASS THE BUCK AS TO WHO SHOULD CONTROL SPIRALING SUPPLY CHAIN COSTS

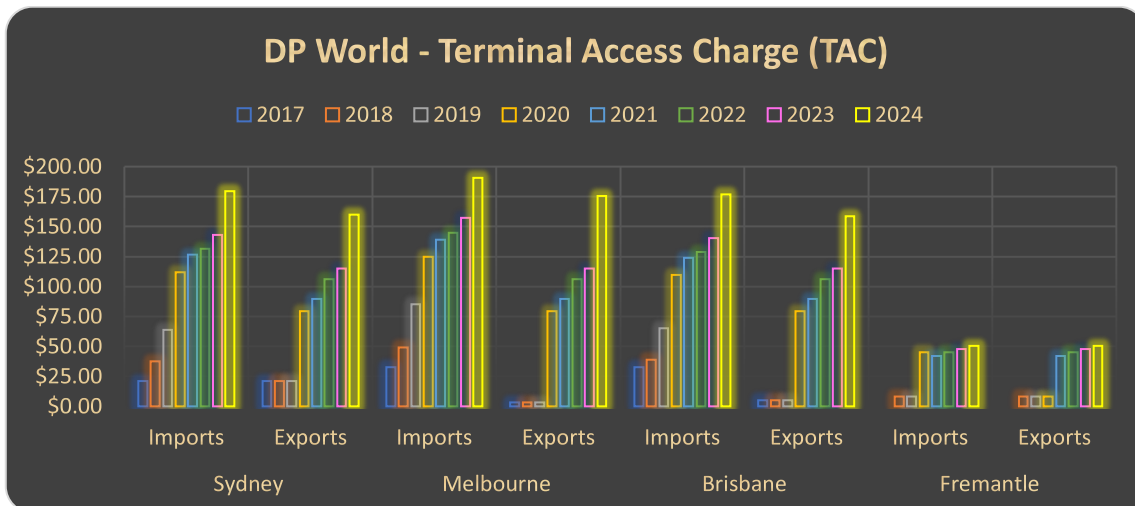
The ongoing failed negotiations between DP World and the Maritime Union of Australia (MUA) will see a continuation of Protected Industrial Action with a list of bans<sup>1</sup> announced through to 10 February 2024.

Paul Zalai, Director Freight & Trade Alliance (FTA) and Secretariat Australian Peak Shippers Association (APSA) says this is having devastating financial impacts on exporters and importers, noting this and other supply chain practices are causing serious reputational harm to Australia as a viable trading nation.

Zalai refers to the DP World commissioned report that suggests the economic impacts have on average been \$84 million per week since the MUA's protected industrial action commenced in September 2023.

#### TERMINAL ACCESS CHARGES

*“In what is another kick in the guts to our export and import sectors currently, DP World have ignored our pleas for relief and are forging ahead with another financial windfall, cashing in on exorbitant increases in Terminal Access Charges. Effective today (1 February 2024), every truck and train delivering or collecting containers from DP World terminals will attract additional massive incontestable fees.”* Zalai says.



SOURCE: Freight & Trade Alliance (FTA)

The increases particularly impact users of DP World’s east coast container terminals with more moderate increases in Fremantle whereby the government run port authority maintains caps on pricing through lease arrangements.

**Terminal Access Charge (TAC): Full Imports** - 26.18% increase in Brisbane; 25.49% in Sydney; 21.22% in Melbourne

**Terminal Access Charge (TAC): Full Exports** - 52.52% increase in Melbourne; 38.80% increase in Sydney; 37.50% in Brisbane.

<sup>1</sup> [PIA updates\\_290124.pdf \(mcusercontent.com\)](#)

## STEVEDORE REVENUE

The most recent [Australian Competition and Consumer Commission \(ACCC\) Stevedore Monitoring Report](#) noted stevedores' industry profit margins remained near historical highs in 2022/23.

The report also noted there was a continuation of a trend for an increased percentage of revenue being earned from the landside (*administered on transport operators, ultimately cascading through the supply chain to cargo owners*) versus quayside (*administered against the stevedore's commercial client being the shipping line*).

*"Rather than negotiating increased fees with their contracted client being foreign owned shipping lines, it is a whole lot easier to hold road and rail transport operators to ransom and force them to pay increased fees for access to the terminals"*.

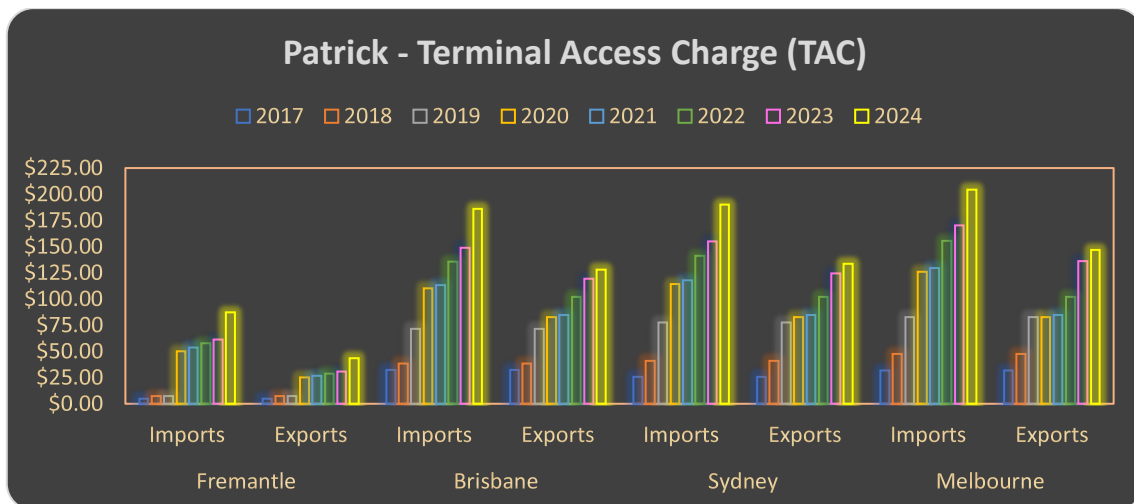
*"We acknowledge they pay high rents to privatised ports, need to manage operating costs and have been making significant infrastructure investment"*.

*"Our consistent position over the last decade has been those stevedores should recover all business costs from their commercial customers. If the shipping lines cannot absorb their contracted stevedore's fees, then they should pass this on in negotiations with exporters, importers and freight forwarders – that's how commerce should work, right?"* Zalai says.

## EXPANSION OF INCOTESTABLE CHARGES

Zalai says the cost recovery model is not unique to DP World and is deployed by all stevedores operating in Australia *"We are not suggesting there is any level of collusion, but it is clearly a case of 'follow the leader' with each conveniently taking it turn to ratchet up pricing of Terminal Access Charges"*.

Next month, Patrick will increase their Terminal Access Charges, particularly targeting imports with record high fees and a similar rate increases as their main competitor, DP World.



SOURCE: Freight & Trade Alliance (FTA)

According to Zalai, facilities nominated by shipping lines for the return of empty containers (*after the importer has unpacked contents*) have also adopted this cost recovery model. *"Transport operators must return and collect containers to facilities contracted to the shipping and must pay an access fee with no ability to influence service or price. These empty container parks are also experiencing happy days with their 'money tap' generating increases as high as 60%."*

Zalai says the cost of this charging regime alone, across all Australian container stevedores and empty containers parks, is costing more \$850 million a year. *"Add this impost of incontestable fees to the estimated ongoing impact of the failed negotiations between DP World and the union, and our trade sector is paying more than \$100 million week in deplorably high and unreasonable costs"*.

## NEED FOR GOVERNMENT INTERVENTION

In an independent report<sup>2</sup> released last week by the NSW Government, recommendations included repeal of current legislative powers<sup>3</sup> available to the state to regulate stevedore pricing.

*“Have they gone absolutely mad? – at a time where we are witnessing massive costs cascading down the supply chain, directly impacting the cost of living crisis, we have a state government releasing a report suggesting they throw away their powers and leave it to feds to sort out”.*

*“We would be OK with this, if and when the federal government tackles this on a national basis”* Zalai says

Zalai points to the World Bank ‘trading across border’ ranking<sup>4</sup> that alarmingly saw Australia plunge in the decade to 2020 from 25<sup>th</sup> in the world to 106<sup>th</sup>. *“Can you imagine if our education, health or a national sporting team dropped 80 places in world rankings – there would be a public outcry”.*

*“It is the wild west out there with an anything goes mentality on our waterfront - our trade and infrastructure is largely being controlled by foreign interests who are profit driven with Australia’s national interest being very much a secondary consideration - we now more than ever need to safeguard the commercial viability of our exporters and to control spiralling costs flowing on to Australian consumers.”*

*“The Albanese government now has the opportunity to take control with reform including repeal of foreign owned shipping line exemptions from Australian competition law and well-considered regulation to specific landside commercial practices.”* Zalai says

## ABOUT FTA / APSA

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. FTA also manages the Secretariat for the Australian Peak Shippers’ Association (APSA) being the peak body as 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.

## CONTACT

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<sup>2</sup> [Independent Review – Ports and Maritime Administration Act and Port Botany Landside Improvement Strategy | Transport for NSW](#) (refer PBLIS Recommendation 6: Remove the broad power for regulating stevedore charges / PBLIS Recommendation 19: Remove regulated rail servicing arrangements)

<sup>3</sup> [Ports and Maritime Administration Act 1995 – Schedule 4 \(refer 6 Supply chain charges\)](#)

<sup>4</sup> [Doing Business in Australia - World Bank Group](#)