

"KEEPING AUSTRALIA'S INTERNATIONAL TRADE MOVING"



**FTA**  
FREIGHT & TRADE ALLIANCE



Australian Peak Shippers  
Association Inc. (APSA)

**MEDIA RELEASE - 2 JULY 2020**

## **DEVASTATING IMPACTS OF \$300M IN UNREGULATED STEVEDORE CHARGES**

**Freight & Trade Alliance (FTA) and the Australian Peaks Shippers Association (APSA), representing over 400 export, import and logistics businesses, have launched a series of formal submissions to the Federal Government advocating for elimination of stevedore-imposed Infrastructure Surcharges.**

Following submissions to the Australian Competition and Consumer Commission (ACCC) [Discussion paper – Proposed Class Exemption for Ocean Liner Shipping](#) and to the Deputy Prime Minister [Status Report – Container Stevedore Imposition of Terminal Access Charges](#), the alliance this week provided a formal submission to the Standing Committee on Foreign Affairs, Defence and Trade [Inquiry into the implications of the COVID-19 pandemic for Australia's foreign affairs, defence and trade](#).

With Australian jobs being lost in record numbers, the submissions note that an estimated \$300M+ in costs imposed by stevedores across all major sea freight container ports are compounding the economic impacts of drought, bushfires and COVID-19. The result is having particularly devastating impacts on the Australian trade sector and directly impacting retailers, manufacturers, farmers and regional communities.

The alliance has demonstrated that over the last five years, each stevedore conveniently take turns to ratchet up the quantum of the surcharges.

Paul Zalai, the alliance's spokesperson states *"The current economic crisis has not slowed this trend with DP World adjusting their East Coast fees during May 2020; Hutchison (Brisbane) increasing fees by a staggering amount (\$50 to \$94.78 per container effective 27 July); and Victoria International Container Terminal extending their lead with the most expensive national charge (\$131.03 per container effective 1 August 2020)."*

In a notice to customers, VICT justified their latest increase in their Infrastructure surcharge as a mechanism to provide income to cover a lease increase imposed by the privatised Port of Melbourne.

Zalai notes that 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 or pass this onto shippers (exporters, importers and freight forwarders) through negotiated freight rates and associated charges."*

*"In contrast, transport operators (road and rail) are held at ransom, forced to pay an Infrastructure Surcharge to collect and deliver containers with no ability to negotiate price or service."*

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

With repeated warnings by state governments being ignored, particularly during the current COVID-19 pandemic, Zalai responded to the proposed solution by the Victorian government of a Voluntary Port of Melbourne Performance Model (VPPM) as being a futile and flawed concept *“If the VICT response is any indication, stevedores will continue forging ahead by using Infrastructure Surcharges as their ‘money tap’, a convenient means of recovering operating costs and returning profits.”*

Zalai warns that incremental increases on an already high base would continue the devastating impacts on the Australian economy *“Our regulators need to protect shippers by forcing stevedores to cease this practice. Stevedores should be given appropriate notice to allow negotiations of charges with 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.”*

## **ABOUT FTA / APSA**

Freight & Trade Alliance (FTA) is a 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 393 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).

APSA is the peak body for Australia's containerised exporters and importers designated by the Federal Minister of Infrastructure and Transport under Part X of the Competition and Consumer Act 2010. APSA represents many of Australia's largest shippers and together with FTA provide advocacy support to the following industry 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, and the Australian International Movers Association (AIMA)
- Tasmanian Logistics Committee (TLC)

APSA is also a member and has board representation on the Global Shippers Forum (GSF).

## **CONTACT**

Paul Zalai

Director and Co-founder, Freight & Trade Alliance (FTA)  
Secretariat, Australian Peak Shippers Association (APSA)  
Director, Global Shippers Forum (GSF)

02 9975 1878 [pzalai@FTAlliance.com.au](mailto:pzalai@FTAlliance.com.au)