

“KEEPING AUSTRALIA’S INTERNATIONAL TRADE MOVING”



**FTA**  
FREIGHT & TRADE ALLIANCE



Australian Peak Shippers  
Association Inc. (APSA)

**WEDNESDAY 15 OCTOBER 2020 - MEDIA RELEASE:**

## **Surcharges spiral out of control despite wharfies returning to work**

**Crippling shipping line fees continue despite the Maritime Union of Australia (MUA) returning to full operations at all Port Botany container stevedoring operations.**

Major international shipping lines are maintaining a ‘*Port Botany Congestion Surcharge*’ ranging from USD 285 to 350 per twenty foot equivalent unit (TEU) despite resumption of full operations and statements this week<sup>1</sup> from all three stevedore executives suggesting successful finalisation of enterprise agreements could be achieved in coming weeks.

Shipping Australia Ltd (SAL) tempered this news with a commentary<sup>2</sup> yesterday stating that ocean shipping and the landside container supply chain into and out of Sydney both remain extremely disrupted despite the ceasefire between the union and stevedores. The commentary clarified that while no visible queue of vessels exist, significant costs are incurred by shipping lines anchored elsewhere around Australia or slow steaming to Port Botany.

In response, Freight & Trade Alliance (FTA) and the Australian Peak Shippers Association (APSA) have questioned whether shipping lines are potentially ‘*double-dipping*’ gaining penalty revenue from both their supplier (stevedore) and customer (exporter, importer or freight forwarder).

FTA / APSA have also sought detail from SAL on how many vessels are affected with the assumption that many shipping lines would have adjusted their scheduling over the last few weeks as reflected by the high number of blank sailings, vessels by-passing Sydney and those no longer taking bookings to Sydney.

Paul Zalai, Director FTA and APSA Secretariat states *“the lack of transparency poses many questions and frustrations, turning the spotlight away from the core industrial relations dispute to one of opportunistic shipping line practices that appear to be primarily focussed on recovering costs to extend record profits reported during the pandemic and global economic downturn”*.

While acknowledging that the industrial relation matters clearly need immediate and permanent resolution, FTA / APSA is continuing to lead advocacy for competition law reform<sup>3</sup> and increased regulation to address unfair charging regimes including the explosion of shipping line surcharges, stevedore-imposed Infrastructure Surcharges<sup>4</sup> and empty container park transport booking fees.

*“State and Federal Governments need to support Australian commerce to take advantage of the opportunities created by free trade agreements and economies recovering from COVID-19 restrictions.*

*These opportunities cannot be fully realised while the costs of trade are prohibitive.”* Zalai said

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<sup>1</sup> [FTA / APSA webinar recording - John Willy \(CEO Hutchison Ports\), Andrew Adam \(COO DP World Australia\), Michael Jovicic \(CEO Patrick Terminals\)](#)

<sup>2</sup> [Extreme container disruption continues in Sydney despite industrial cease-fire](#)

<sup>3</sup> [FTA APSA joint response - ACCC Discussion Paper - Proposed Class Exemption for Ocean Liner Shipping](#)

<sup>4</sup> [STATUS REPORT – Container Stevedore Imposition of Terminal Access Charges](#)

## WHAT IS CAUSING CONGESTION AT PORT BOTANY – FAIR WORK COMMISSION

- Protected Industrial Action (PIA) by the Maritime Union of Australia (MUA) has caused operational disruption to varying degrees at container stevedore operations nationally with Port Botany most severely affected;
- Shipping Australia Ltd attribute vessel schedule delays at Port Botany<sup>5</sup> due to a combination of adverse weather conditions, 'infrastructure upgrades of all kinds' and a 'reckless campaign'<sup>6</sup> of industrial action with enterprise agreement discussions continuing at all three Port Botany stevedores;
- the MUA stated that the 'limited forms' of industrial action should be kept in context, compared to 'corporate mismanagement' at Patrick referencing extensive civil works activities and problems with systems upgrade failures<sup>7</sup>;
- Patrick defended their actions and have pointed to the PIA as the direct cause of delays to vessel schedules.<sup>8</sup>
- Both Patrick and DP World Australia have taken matters to the Fair Work Commission
- Advice received this week from Patrick, DP World Australia and Hutchison Ports have confirmed resumption of full operations and are optimistic of finalising enterprise agreements in coming weeks.

## IMPACT ON TRADE

- International shipping lines (Mediterranean Shipping Company, CMA CGM ANL, Pacific Asia Express Hapag Lloyd, Hamburg Sud and Maersk) introduced in quick succession a Sydney Port Congestion Surcharge ranging from USD 285 – 350 per TEU (twenty foot equivalent unit);
- the congestion surcharge was implemented without any consultation and with insufficient lead times negating importers and exporters the ability to factor in 'landed costs' in forward contracts;
- shipping lines have re-scheduled many vessels with some by-passing Port Botany – this has the obvious impact of restricting options for New South Wales exporters to reach overseas markets and meet contractual obligations;
- by-pass vessels are discharging containers in Melbourne or Brisbane forcing importers to transport goods to Sydney and in many cases return the empty container back to the port of discharge at their own expense;
- in excess of 30,000 more import containers came in through Port Botany than were exported during May, June and July with this trend continuing as shipping lines minimise the use of 'sweeper' vessels to evacuate the surplus empty containers;
- once import containers are unloaded, the empty container must be dehire (returned) to an empty container park – ECPs are congested due to the imbalance of import versus export containers;
- extra costs being incurred by transport operators with redirections of empty containers from one ECP to another as each park becomes full – these costs are understandably being passed on with new schedules of surcharges;
- in many instances these containers are subject to staged movements and held in transport operator's yards – these transport yards are also quickly reaching capacity;
- the problem has reached the point whereby some shipping lines are simply not offering a dehire location at all, only accepting selected container types in limited circumstances (most likely to meet an anticipated export demand); and
- some shipping lines have now issued notices that they will not be accepting certain types of container on dehire and asking importers to hold onto them – some other shipping lines have suggested returning empties to Melbourne or Brisbane.

## 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.

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<sup>5</sup> Disruption from waterfront industrial action just gets worse and worse <https://shippingaustralia.com.au/disruption-from-waterfront-industrial-action-just-gets-worse-and-worse/>

<sup>6</sup> Current events, container hire and management of empties <https://shippingaustralia.com.au/current-events-container-hire-and-management-of-empties/>

<sup>7</sup> WHARFIES CONTINUE TO DELIVER PRODUCTIVITY IMPROVEMENTS <https://www.mua.org.au/news/opinion-wharfies-continue-deliver-productivity-improvements>

<sup>8</sup> Patrick calls for calm as MUA industrial action cripples Port Botany <https://patrick.com.au/customer-info/media-releases/>