

“KEEPING AUSTRALIA’S INTERNATIONAL TRADE MOVING”



Australian Peak Shippers Association Inc. (APSA)

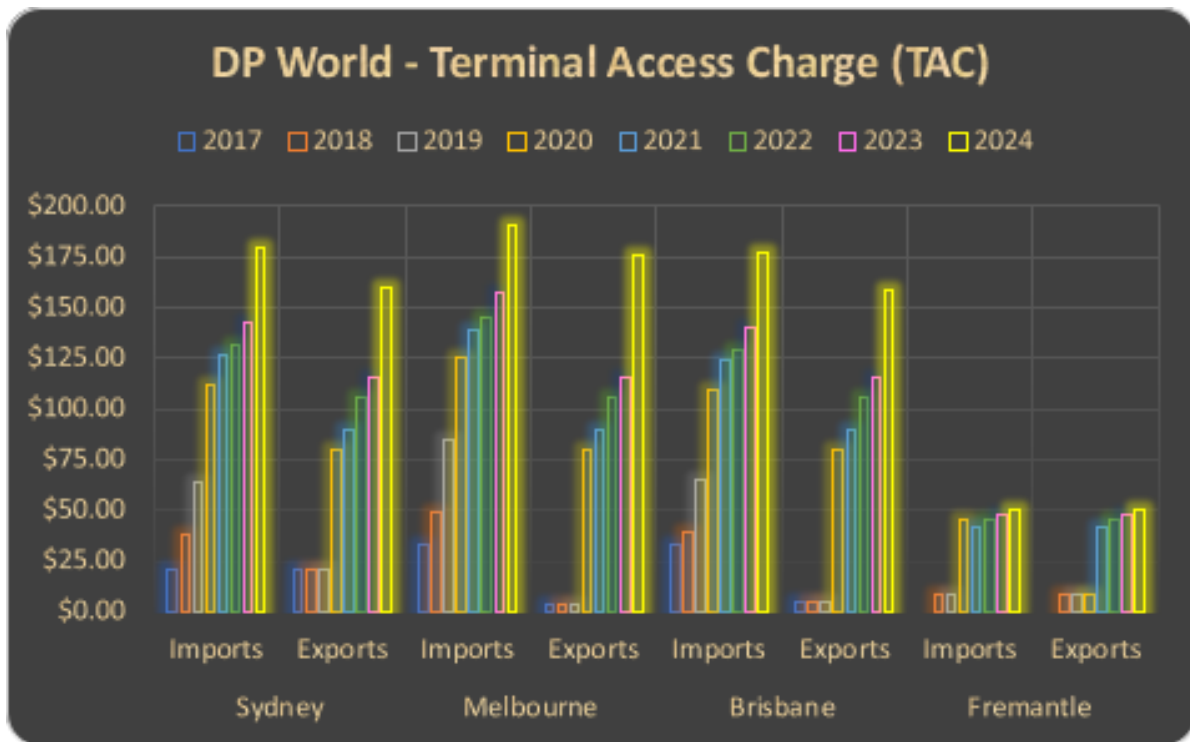
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MEDIA RELEASE:

## Federal Government must intervene to control spiralling supply chain costs

DP World, one of a handful of container stevedore operators across Australia, are the latest to increase their landside charges – effective 1 January 2024.

Most notably are their Terminal Access Charge adjustments for exports (52.52% increase in Melbourne; 38.80% increase in Sydney; 37.50% in Brisbane) and imports (26.18% increase in Brisbane; 25.49% in Sydney; 21.22% in Melbourne).



SOURCE: Freight & Trade Alliance (FTA)

Paul Zalai, the Director of Freight & Trade Alliance (FTA) and the Secretariat of the Australian Peak Shippers Association (APSA) has made the case to the Federal Government that it is not sustainable for Australian exporters and importers to absorb rapidly increasing of landside charges, totalling more than one billion dollars annually, where there is no ability to influence service or price *“With less quayside revenue from foreign owned shipping lines, stevedores and empty container parks have resorted to a ‘ransom model’ forcing transport operators to pay designated fees or be denied access to container collection / dispatch facilities.”*

Zalai claims that the existing voluntary arrangements established by the Victorian government and adopted by the National Transport Commission have proven to be *“hopelessly flawed”*, providing no ability to influence price, and giving stevedores’ *“tacit approval to rapidly and significantly inflate fees levied against domestic transport operators”*.

The Productivity Commission released their final report in December 2022 reviewing [Australia's Maritime Logistics System](#) with specific reference to the proposed introduction of a Mandatory Code administered by the Australian Competition and Consumer Commission (ACCC) to oversee and approve any adjustments to landside fees.

Zalai questions why the Federal Government has failed to respond in a deteriorating operational environment, referencing the World Bank *'trading across border'* report that shows in the decade to 2020, Australia's ranking plunged from 25<sup>th</sup> in the world to 106<sup>th</sup>.

*"Can you imagine the outcry if our education or health sector dropped 80 places in world rankings? Heads would be rolling, yet in an environment of spiralling supply chain costs, we have the Federal Government inexplicably failing to act or take accountability for inflationary pressures."* Zalai says.

Zalai refers to the magnitude of the increases as "staggering" giving cause to speculate the motive of the action *"perhaps DP World see regulation is coming and wanted to hike fees now so that when reform comes, they can secure incremental increases on an already inflated base rate."*

*"The longer the Federal Government takes to act, the higher the likelihood that other stevedores will follow the lead of DP World and also sharply raise pricing"* Zalai says.

While costs will flow on to retailers and consumers, according to Zalai, an even more alarming impact will be felt by our agricultural sector.

By way of example, Zalai claims these charges will cost exporters \$6/t on grain in circumstances where exporters are lucky to make more than \$2-3/t margins. *"This is in a 'normal' operating environment when DP World is not in dispute with unions. Current operational delays are leading to significant financial losses with the increase in landside fees rubbing salt into the wounds of our regional commodity traders"*.

## **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.

FTA / APSA represents more than 500 corporate members and provide international trade and logistics advocacy to the following associations:

- Australian Dairy Products Federation;
- Australian Horticulture Trade (AHT)
- Australian International Movers Association (AIMA);
- Australian Meat Industry Council (AMIC);
- Australian Steel Association (ASA); and
- Tyre Stewardship Australia

## **CONTACT**

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