

**20 August 2024**

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Via email: [m.jovicic@patrick.com.au](mailto:m.jovicic@patrick.com.au)

Dear Michael,

Thank you for your letter received earlier today with the accompanying confidential memorandum titled '*Container terminal charges and cost of living pressures*' prepared by Synergies Economic Consulting (dated 5 August 2024).

This detail is much appreciated, providing further context to the Patrick Terminals media statement released yesterday titled '*Synergies Analysis Confirms Container Terminal Charges are not a driver of Cost of Living pressures*'.

The main point from media release is accepted, that each incremental increase in a TAC may have a minimal percentage impact on the retail price of certain goods, particularly small volume, and high value items. It is also acknowledged that Patricks have made significant investment in infrastructure in an aim to maximise the efficiency of terminals and to be well-placed to handle projected volume increases in the years ahead. This makes good business sense.

As outlined in your correspondence, we welcome the opportunity for further engagement on these changes to infrastructure. Importantly, we again extend our ongoing invitation to Patrick to showcase these positive achievements to our membership.

Having made this statement, an area where it appears that we will continue to '*agree to disagree*' is on the unregulated imposition of TACs.

All businesses should be managing their growth plans in an environment of increasing competition and higher costs (rents, labour, energy, insurances, etc). If associated costs cannot be contained, these are to be passed on to the business' commercial customer in negotiated rates. This is how commerce should operate.

Patricks and the other stevedores have developed an alternate model.

FTA and APSA acknowledge that Patrick also operates in a highly competitive environment, especially on the Australian east coast where three stevedores exist, fighting to retain and gain shipping line business with most operating in powerful consortia with exemptions from Australian competition law under *Part X of the Competition and Consumer Act*.

In response, and as evidenced in consecutive Australian Competition and Consumer Commission (ACCC) Stevedore Monitoring Reports, stevedores have reduced quayside revenue and are self-compensating (some may argue profiteering) with increases in landside rates via TACs; a charge that transport operators, freight forwarders, importers and exporters cannot negotiate and are pure price takers.

As you are aware, FTA and APSA have consistently advocated via media, submissions and ministerial engagement this is unfair arrangement; in effect it is a 'ransom model'; pay or be denied access to the terminal to receive or deliver containers.

Empty container parks appear to be in a similar predicament as stevedores.

Data received by FTA and APSA suggest daily storage rates charged back to shipping lines are negligible, leaving the empty container parks with little option but to also deploy a model with charges administered via their vehicle booking systems; again, a charge that transport operators, freight forwarders, importers and exporters cannot negotiate and are pure price takers.

FTA and APSA have provided detailed evidence to the ACCC and federal government ministers that the collective charges across Australian empty container parks and stevedores are more than \$1 billion per year.

The result is foreign owned shipping lines are benefitting from a reduction in quayside charges with most maintaining or increasing Terminal Handling Charges. FTA and APSA are exploring avenues as to how to achieve more transparency in how shipping lines derive this charge. In the interim, the shipping lines are the clear winners with a windfall contributing to their ongoing multi-billion-dollar profits.

It is interesting to note that your media release and summary avoids any reference to the impact on Australian containerised exporters, many who export high volume and low value commodities. Feedback received from members and shared in our formal submission to the Productivity Commission's review of *Australia's Maritime Logistics System* highlight the devastating commercial impacts of TACs, in some cases jeopardising the international competitiveness of certain produce.

The magnitude of TAC increases is staggering.

By way of example, in February this year, a competing stevedore to you made an absolute mockery of the Victorian Voluntary Protocols by increasing their TAC on exporters in the Port of Melbourne by 52%.

We trust that the federal government will be guided by the upcoming ACCC analysis, broader industry engagement and the Productivity Commission's well-considered recommendation to introduce a Mandatory Code providing necessary controls and oversight on stevedore landside charges.



**Paul Zalai**

Director and Co-Founder | Freight & Trade Alliance (FTA)  
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