

3 September 2021



Inquiry into Port of Melbourne compliance with the pricing order 2021

transport@esc.vic.gov.au

Freight & Trade Alliance (FTA) is the 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 433 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 under Part X of the *Competition and Consumer Act 2010* as designated by the Federal Minister of Infrastructure and Transport.

FTA / APSA notes the *Port Management Act 1995* specifies the prescribed services of the Port of Melbourne (PoM) and the regulation role of the Essential Services Commission (ESC).

The focus of our submission is on wharfage charges aligned to the pricing order that allows the PoM a reasonable opportunity to recover efficient costs for providing prescribed services.

Wharfage charges are administered by the PoM against shipping lines in the form of a public tariff. These costs are generally passed on by shipping lines to exporters, importers and freight forwarders as a part of commercial negotiations aligned to Terminal Handling Charges.

An increase of this tariff was introduced on 1 June 2020 in the form of a fee per TEU on full import containers, designed to underpin the Port Rail Transformation Project (PRTP).

The PRTP aims to increase efficiency in the movement of container via rail, minimising utilisation of roads in inner Melbourne and aligns with ongoing advocacy by FTA / APSA seeking greater rail terminal capacity to support exporters and importers.

During the 2020 PoM consultation process, FTA / APSA raised concerns about the cross-subsidisation fee model with obvious 'winners' and 'losers' i.e imports cross-subsidising exports (which are exempt of any increase) and all road users cross-subsidising rail users; and the fact that initial benefits associated with the location of the on-dock rail will significantly benefit some stevedore operations over other.

FTA / APSA see merit in avoiding any additional cost burden on exports that would otherwise potentially impact on high volume / low value commodities. Furthermore, importers using road are cross-subsidising those using rail. Again, this can be argued as a necessary measure to encourage increased rail utilisation..

Freight & Trade Alliance (FTA) Pty Ltd

68 Brooker Ave Beacon Hill NSW 2100

02 99751878

www.FTAlliance.com.au

info@FTAlliance.com.au

ABN 59 160 523 384



While a reduction in the fee structure in response to concerns raised was welcomed (now \$9.75 per TEU as against the originally estimated cost of \$15 per TEU), the FTA / APSA position to the PoM and Victorian Government remains that any fee increase must now be offset elsewhere to maintain the port's competitiveness.

Notably, the introduction of the new tariff only adds to the need for regulation to wind back excessive stevedore administered Terminal Access Charges, lift on / lift off charges, rail access charges and Vehicle Booking System (VBS) fees.

An area of significant concern and requiring closer examination is that importers via Victoria International Container Terminal (VICT) are also subject to this fee, despite the fact there is no direct rail interface to Webb Dock.

FTA / APSA recommend that a differential import tariff apply for imports via VICT, or alternatively, an adjustment is made to the tariff to cover transfer costs to move containers from Webb Dock to Swanson Dock.

FTA / APSA look forward to ongoing engagement with the ESC and the PoM to increase transparency in rail access and capacity arrangements.



Paul Zalai

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