

# Port Pricing and Access Review

## Terms of Reference

Investigate options for the future role of Government in regulating pricing/charges, and access to and from the Port of Melbourne

Freight movements are essential to businesses and our economy. The ability for port users to have competitive access and pricing to the Port of Melbourne and to services within the container supply chain is critical for industry and the State's trade competitiveness.

The movement of containers through the Port of Melbourne is a key freight task for Victoria. The port is a major node in one of Australia's most significant supply chains and handles the majority of Victoria's container imports and exports.

In 2017-18, the Port of Melbourne handled 2.9 million twenty-foot-equivalent units (TEU) of containers equating to around 75% of the Port of Melbourne's trade.

### The Victorian Freight Plan

The Victorian Freight Plan, Delivering the Goods, identified an action to 'investigate options for the future role of Government in regulating pricing/charges, and access to and from the port'. This action was developed in response to industry concerns regarding increasing infrastructure charges by stevedores at the Port of Melbourne and the associated flow on cost to industry.

An infrastructure charge is a charge levied by stevedores on land transport operators (rail and road operators) when collecting or delivering loaded containers from the Port of Melbourne. It is sometimes referred to as a port access charge as land transport operators pay the charge to access the stevedore's container terminal site at the port.

Stevedores are part of the broader container supply chain which includes international shipping lines, the port lessee, cargo owners (importers and exporters), land transport operators (road and rail transport operators) and related infrastructure operators such as intermodal terminals and empty container parks.

Each of these companies charges a fee for moving containers and plays an important role in facilitating the transport of containerised freight in and out of the Port of Melbourne.

### Scope of the Review

This review will assess port pricing/charges at, and access issues into and out of, the Port of Melbourne. While industry is currently concerned with the infrastructure charge, it is important that any review of charges is carried out in the context of the overall Port of Melbourne container supply chain.

For the purposes of this review, the Port of Melbourne container supply chain is defined as the movement of import and export containers from the wharf to the port gate, not from origin to final destination.

The review will be conducted by an independent reviewer appointed by the Victorian Government who will prepare recommendations addressing the terms of reference. Freight Victoria has established a Review Advisory Board (RAB), made up of key government department and regulatory representatives, to oversee and support the review.

## Terms of Reference

The following are the terms of reference for the Review:

1. The reviewer is to examine how efficiently the Port of Melbourne container supply chain has performed over time. In doing so, the reviewer should assess:
  - (i) the cost to cargo owners of moving a container through the Port of Melbourne and the breakdown of those costs;
  - (ii) the current contracting arrangements among participants within the supply chain and the implications of these arrangements for supply chain costs;
  - (iii) the extent to which market power is held by key participants in the Port of Melbourne container supply chain and whether this has changed over time;
  - (iv) reasons for recent increases in container stevedores' infrastructure charges;
  - (v) the impact of recent increases in container stevedores' infrastructure charges on transport operators, cargo owners and any other parties;
  - (vi) access arrangements facing transport operators into and out of the port, including:
    - a) terminal access arrangements (carrier agreements) between transport operators and stevedores;
    - b) the vehicle booking system and the incentives and costs it creates in relation to accessing the port;
    - c) any other impediments to landside performance; and
    - d) potential improvements to existing landside performance standards and reporting.
  - (vii) any other relevant matters.
2. Having had regard to each of the matters above, the reviewer is to recommend regulatory or other options to improve the efficiency of pricing/charges at, and access arrangements to and from, the Port of Melbourne.

## Consultation Process

The independent reviewer should undertake a targeted consultation process with key stakeholders identified by the RAB. These may include container stevedores, container shipping lines, importers and exporters, truck and train operators, the port lessee and government stakeholders. The process will allow for formal submissions from the targeted industry participants to inform the review.

Timing and Reporting: The independent reviewer is to provide:

- monthly progress reports to the Review Advisory Board;
- a draft report by October 2019; and
- a final report with recommendations by November 2019.

Signed



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Minister for Ports and Freight

15/05/2019