



5 July 2012

For Immediate Release

Shipping Australia disputes Infrastructure Australia's findings on port profitability

"The international competitiveness of Australia's ports appears to have been dismissed by Infrastructure Australia when considering the profitability of many of our major ports based on a study they commissioned that was carried out by Deloitte Touche Tohmatsu", Mr Llew Russell, Chief Executive Officer of Shipping Australia said today.

"Whilst some ports do struggle financially to borrow money themselves, they have, over the years paid high dividends and returns to state governments.

"Reference has been made in the media to vital state owned ports having been badly managed – with mate's rates, cut price leases and undervalued assets. This doesn't line up with Shipping Australia's assessment that prices that Australian ports charge are some of the highest in the world. In previous SAL surveys most Australian container ports, for example are well above prices charged for comparable ports overseas. We question who are getting the 'mates rates'?", Mr Russell said

SAL has questioned how does this proposal stack up with the massive increases in land rentals imposed by the Port of Brisbane when it was under State government control? How does the report measure up to the Victorian Government imposing this year a special Port Licence Fee on the Port of Melbourne to fund general infrastructure in the whole of Victoria and not on the Port?

Llew Russell pointed out that the dividends and taxes that have been paid by ports to State governments over the years has been very high but in terms of asset to debt ratios, a lot depends on how one values the assets.

"What is not included in the report is also the fact that where a port puts money aside for future infrastructure development, it is usually taken by State Treasury's and put into consolidated revenue. This happened in Melbourne a number of years ago.

“It is disappointing that Infrastructure Australia did not also examine the competitiveness of individual ports and the productivity of services provided by those ports. A more comprehensive assessment would have directly influenced Infrastructure Australia’s conclusions regarding the return on assets.

“The economic contribution that ports make to their hinterlands, communities and State economies appears to have been simply dismissed which is unfortunate in terms of the future of Australia’s international competitiveness”, he said.

Editor’s note:

For additional information please contact Llew Russell, CEO on 0414 958 247.

Shipping Australia is a peak national shipping association comprising 37 member shipping lines and shipping agents that will be involved with over 70% of Australia’s container and car trades and over 60% of our break bulk and bulk trades.