

Stakeholder Update

Port of Melbourne's Response to COVID-19 – Update 9

Managing pressure on the supply chain

Trade update

Port of Melbourne's total container volumes in August hit a monthly record of 282,000 Twenty Foot Equivalent Units (TEU), a 21.4 per cent increase on August 2019. August throughput (full and empty) benefitted from strong import volumes ex-Asia. Products being imported in strong quantities were household furnishings, household electrical goods and food ingredients, all of which point to increased demand from people working from home. Packaging materials for e-commerce retail sales were also high. Reduced air freight capacity was reflected in a shift toward sea freight with 'mixed commodity' containers handling a variety of e-commerce product lines traditionally carried by air.

Delays at Port Botany resulted in an estimated 20,000 - 25,000 TEU of overseas containers arriving across nine vessels in August instead of July. Overall August 2020 trade results compared with August 2019 are as follows:

- Total container volumes (full and empty) were up by 21.4 per cent, a new monthly record of 282,355 TEU;
- Full overseas container imports were up 19.3 percent whilst full overseas exports were up 14.7 per cent;
- Tasmanian container volumes were up by 4.7 per cent;
- Empty container movements increased by 42.5 per cent, primarily due to demand for empty containers in Asian manufacturing bases caused by global demand and delays in repatriating empty containers from the US and Europe to Asia;
- Motor vehicles imports (by units) increased 1.4 per cent (but were down 25.2 per cent over July and August);
- In the dry-bulk category, the month resulted in a 5.9 per cent decrease, with no grain shipments in August, and a decrease in volumes of fly ash and slag; and
- Liquid bulk was down 23.3 per cent overall mainly due to a reduction in imports of petroleum product.



Trade outlook

September container trade has seen inconsistent weekly volumes but has ended with volumes slightly higher than September 2019. Key influences on trade include strong trade ex-Asia and a continuation of vessel arrivals being delayed.

Supply chain congestion

Port Botany has been affected by congestion in recent weeks, initially due to weather delays and then exacerbated by industrial action, which has had a flow-on effect on container operations at Port of Melbourne.

Shipping lines are taking a range of actions, with some vessels changing their schedules and port call sequences and others bypassing Port Botany and moving some of their Sydney import cargo via Port of Melbourne. We understand that some import containers will be discharged and subsequently reloaded on vessels bound for Port Botany at a later date, or will be discharged and unpacked in Melbourne with the empty container remaining in Melbourne and the goods sent by truck or rail to Sydney. A number of shipping lines are also implementing a Port Congestion Surcharge to offset the additional operating costs (fuel and vessel charter) of calling at Port Botany, or for handling Sydney import containers at other ports. It has been reported that fees range from US\$285 to US\$350.

These factors are expected to result in additional container volumes being processed through Port of Melbourne in September and October.

The Stage 4 restrictions have not significantly impacted the landside supply chain in Victoria. The announcement this week by the Victorian Government of some easing of restrictions including the return to capacity of workforces of some industries, such as supermarkets and food distribution centres, will assist in easing pressures on the supply chain. As a contingency, PoM continues to work with industry to co-ordinate contingency storage capacity should it be required.

Other Port of Melbourne news

Port of Melbourne and Patrick Terminals have reached agreement for the construction of the Coode Road Rail Terminal which, when built, will efficiently interface with Patrick's East Swanson Dock international container terminal. The rail terminal will include two dual gauge 23 tonne axle load sidings of 600m. The arrangement is part of Port of Melbourne's Port Rail Transformation Project, a key project of our Port Development Strategy and vital to successfully accommodating future growth at the port. This new on port rail terminal also supports the introduction of the Government's Port Rail Shuttle Network, which will reduce truck trips on the Melbourne road network. Click [here](#) for more information.

Please call your Port of Melbourne contact or email us at covid19@portofmelbourne.com if you have any queries.

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