

LEGISLATIVE ASSEMBLY OF THE NORTHERN TERRITORY**WRITTEN QUESTION**

Ms J Carney

to Minister for Infrastructure and Transport

Container Costs

1. What is the cost per container to move by direct call vessel from Adelaide to Singapore direct rather than moving from Adelaide through Darwin to Singapore by a vessel calling at Darwin?

ANSWER

The shipping lines calling at Darwin offer a tariff rate Adelaide-Darwin-Singapore via the AustralAsia Trade route of US\$650 per twenty foot container.

This is a generic rate struck to match the prevailing rates available out of Adelaide at the time of the opening of the AustralAsia Trade route.

A main line shipping operator has since commenced calling at Adelaide offering Singapore at US\$450 per twenty foot container. This is an unsustainably low rate and is an introductory rate to build the trade. Adelaide origin cargo is still moving on the trade route at the current market rates as price is not the only consideration of shippers.

The transit time offered by the main line operator Adelaide-Singapore is 12 days and some 3-4 days slower to that available through the AustralAsia Trade Route with direct shipping services Darwin-Singapore.

Direct comparisons of the seafreight rates are not useful when establishing the value of the Trade route to a potential client. The value proposition for clients of the trade route is the transit time savings possible. The trade route is an alternative to direct shipping and is not attractive to itinerant shippers. However it is attractive to shippers with mature supply chains and large inventory management issues that can realise the benefit of the reduced transit time and take advantage of the savings in intransit inventory carry costs and the supply chain efficiencies by reduced inventory at both ends and higher inventory stockturns.