

Best Practice: Security Implementation Cost Recovery



Category:	Security Infrastructure
Location:	CentrePort, Wellington, New Zealand
Date Observed:	29 September 2004
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Description: CentrePort has begun to levy a \$300 NZ flat fee security surcharge for all ships that use their facilities. The fee is to allow the port to recuperate their costs of installing, retrofitting and maintaining new security measures to ensure their compliance with the ISPS Code.

Discussion: A security levy or surcharge can be done at any port or facility. Depending on local law, regulation, or ordinance, facility operators will need to provide a time frame of advance notice to shippers regarding the fee implementation and dates. After the implementation date, fees will be imposed on all ships using the port. Fees can be fixed (as above) or scaled to the tonnage or length of each ship. .

Potential Down-side: A security surcharge may discourage some shippers from using a particular port or facility, especially if nearby ports or facilities do not impose similar security levies. Any new fees, levies, or surcharges increase the costs to shippers, resulting in higher shipping costs for exporters.

Conclusion: Low cost, high rate of return best practice. A security surcharge of a few hundred dollars is relatively inexpensive when compared to other shipping/ docking costs. Companies can write off expense or increase shipping fees as a cost of doing business.

Cost: Administrative costs to research and implement the security surcharge, and to manage the funds received as a result of the surcharge.