



Craig Faulkner
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Via Email craig.faulkner@aat.auz.biz

Date: 14 May 2010
Our Ref: AAT140510
Your Ref:

cc: Pitcher Partners
Via Email d.cartwright@pitcher-nsw.com.au
Attn: Deborah Cartwright

**Re: Proposed AAT Tariff Increases for Port Kembla and Brisbane 1 August 2010
Notice of Objection**

Dear Craig,

We write in regard to AAT's notification of 29 April of increases in tariff rates at the above two ports and wish to register our objections as per requirements under the ACCC's Authorisation 3 December 2009. We refer below to the various provisions of the Authorisation and general observations as to operations within the maritime transport industry.

AAT Tariff Increases

Port Kembla	14-May-07	1-Mar-09	Increase	1-Aug-10	Increase
FAC vehicle per m3	2.20	2.5	14%	3.00	20%
FAC container per unit	38.00	40	5%	48.50	21%
FAC general cargo per R/T	2.60	3.5	35%	4.25	21%
SAC vehicle per unit	10.50	10.9	4%	11.45	5%
SAC container per unit	24.00	25	4%	26.25	5%
SAC general cargo per R/T	2.60	2.7	4%	2.85	6%

Brisbane	1-Jan-06	1-Oct-07	Increase	1-Sep-08	Increase	1-Aug-10	Increase
FAC vehicle per m3	1.00	1.35	35%	1.85	37%	2.05	11%
FAC container per unit	40.00	42	5%	63.10	50%	70	11%
FAC general cargo per R/T	2.50	3.5	40%	4.85	39%	5.4	11%
SAC vehicle per unit	10.20	10.2	0%	10.50	3%	11.25	7%
SAC container per unit	25.00	26	4%	27.00	4%	28.9	7%
SAC general cargo per R/T	2.50	2.65	6%	2.80	6%	3	7%

Whilst our main concerns and areas of objection fall to Port Kembla we note the justification for Brisbane increases are based on increased rental costs and reduced volumes. The level of rental increase has not been advised and should be, given the substantial increases proposed above CPI.

We do not agree with the logic that reductions in volume should allow for an increase in price. This in fact moves against standard economics and normal business practice where if anything prices should fall during any reduction in demand. We do not see why AAT should retain a privileged position to be able to increase prices when, under the current global conditions,

maritime transport carriers are operating at extremely depressed to negative returns. If any increase is to be allowed above CPI it needs to be further substantiated.

For Port Kembla our position is that the increases as proposed are excessive and must be reviewed. We are not aware of any rental increases in that port to the level there has been at Brisbane.

Whilst we acknowledge that investments have been made to the benefit of users we question the time periods over how those sums are to be recovered. As per the table above prices increased by 14% for Vehicles and 35% for General Cargo in March 2009, these being the principle types of cargo moved over the AAT facility. We would expect these increases to have encompassed the additional capital investments to which you refer. We are not aware and you have not elaborated on any further significant works that have been completed post the last increase.

Increases as proposed run against the Public Benefits Test as per 4.49 of the Authorisation in regard to the provision of a low cost facility. In particular we draw your attention to 4.64 of the Authorisation in regard to AAT's ability to, as above, set prices above the efficient costs of providing its services. The increases as proposed appear to us to place AAT exactly within those Public Detriment points raised at 4.64.

We do not believe that simply noting that tariffs are based on a pricing model by a firm of leading economists is sufficient to satisfy the requirements of the ACCC under a transparent mechanism of review.

A further objection is raised over the disparity between the FAC and SAC. What is the exceptional increase in land based costs over plant that could lead to the variation in increases to end users against stevedores?

Our submission concludes that the increases proposed do not accord with the ACCC Authorisation under which AAT operates and that, via the Independent Price Expert, any increase over CPI must be reviewed. We would suggest that such a review be taken in consultation with key stake holders collectively under Shipping Australia and Port Kembla Port Corporation.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'D. Speyer', written over a horizontal line.

Denis Speyer
Regional Operations Manager - Oceania
Swire Shipping

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