



Shipping Australia Limited
ABN 61 096 012 574

Level 6, 131 York Street, Sydney NSW 2000
PO Box Q388, Sydney NSW 1230

Tel: (02) 9266 9900
Fax: (02) 9268 0230

Dear Craig,

Thankyou for your letter dated April 29 advising industry of the proposed price increases to be implemented by Australian Amalgamated Terminals (AAT) in both Port Kembla (PK) and Fisherman's Island (FI).

The major focus of Shipping Australia, as a peak industry body, is both to promote and advance the interests of ship owners and shipping agents in all matters of shipping policy and safe environmentally sustainable ship operations.

The price increases from both Shipping Australia and our members point of view are exorbitant and appear unjustified and we again ask the question, what was the criterion used to determine the level of increase imposed? For example at FI there is an annual CPI review plus a 3 yearly market review. To our knowledge the last prices review undertaken by AAT in 2008, entailed an exorbitant increase of 40%. With that being the case the next price review should not be taken until 2011. The price review for PK was every 5 years making it due in 2011. Further more we are concerned by the statement in your letter that in future price reviews will be conducted on an annual basis.

Specifically members believe it is not unreasonable for AAT to explain the basis upon which the increases on the following cost items were determined:

- R&D increases of 21.33% for PK and 10.53% for FI.
- The difference in increase of SAC compared to FAC. The difference of 46% FAC for wheeled vehicles and boats
- Wharf storage increase from 11 to 22%.
- The already exorbitant vessel lay up charge in PK will increase by \$850 to \$4850 while at FI for the same factors namely, gate and wharf security, wharf lighting and crew transport etc the charge will increase by \$280 to a total of \$27,580. Please explain the reason giving such rise to such a differential.

The responses from AAT so far do not appear to warrant such high increases especially in PK where the rent is actually less than it is at FI.

Our members are also disappointed regarding the limited amount of time they have been afforded to review and comment upon the proposed tariffs.

Paul Alexander

p.p Llew Russell
CEO Shipping Australia Ltd