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16 January 2012

PRIVATE & CONFIDENTIAL

Mr. Craig Faulkner
Chief Executive Officer
Australian Amalgamated Terminals Pty. Limited
Unit 11, 3 Westside Avenue
Port Melbourne VIC 3207

Dear Mr Faulkner

INDEPENDENT PRICE EXPERT Determination

Price Increase Proposed for Fisherman Islands from 1 February 2012

Price Increase Proposed for Webb Dock West from 1 February 2012

Price Increase Proposed for Outer Harbour from 1 February 2012

This Determination has been made pursuant to my appointment as the Approved Independent Price Expert ("**the Expert**") under Clause 2.2 of Attachment D of the conditional authorisation granted to Australian Amalgamated Terminals Pty. Limited ("**AAT**") by the Australian Competition and Consumer Commission ("**ACCC**") on 3 December 2009, and varied on 9 February 2010 ("**the Authorisation**"). All subsequent references to the Authorisation will be to Attachment D only, unless otherwise specified.

On 7 October 2011 AAT notified Terminal End-Users of proposed maximum tariffs that will apply to AAT terminals at Fisherman Islands in Brisbane, Webb Dock West in Melbourne and Outer Harbour in Adelaide, commencing 1 February 2012 ("**proposed price increases**"). As required in the Authorisation, the AAT notification advised Terminal End-Users of the name and contact details of the Approved Independent Price Expert and the process for such users to lodge objections with the Expert.

In total 3 written objections were received by me from terminal end users within the time period allowed. Two of the objections related solely to a newly listed Facility Access Charge (FAC) fee for Fisherman Islands, while the other objection related to the proposed price increases for all three terminals.

DOCREF: 269994.1

In accordance with Clause 2.4.10 of the Authorisation I am required to notify AAT and any party which lodged an objection of my Determination in relation to the proposed price increases.

I note that in making this Determination the Authorisation states that I am acting as an Expert and not an arbitrator and that any determination made by me in that capacity is final and binding on AAT.

Within 2 business days of receiving this Determination AAT must publish it on their website.

Determination by Approved Independent Price Expert

In accordance with the obligations imposed on me as the Approved Independent Price Expert I hereby notify you of my Determination in relation to the proposed price increases advised by AAT to be effective as from 1 February 2012. The original notifications provided by AAT are attached as:

- Annexure A - Fisherman Islands;**
- Annexure B - Webb Dock West; and,**
- Annexure C – Outer Harbour.**

Fisherman Islands

I have determined that the proposed price increases for Fisherman Islands as notified by AAT are not reasonable or justified and have set new prices as allowed by clause 2.4.12 of the Authorisation. The new prices as set out in the table below reflect an average increase over the existing prices of 3.7% as compared to the average of 5.2% proposed by AAT.

<i>Fisherman Islands Price Increases</i>	Pre - 1 Feb 2012	Post - 1 Feb 2012	
	Actual	Determination at 3.7% average	Proposed by AAT at 5.2% average
FAC vehicles \$ per m3	2.05	2.15	2.15
FAC containers \$ per unit	70.00	72.60	73.65
FAC general cargo \$ per revenue tonne	5.40	5.60	5.70
R & D Containers \$ per unit	49.00	50.80	51.55
R & D General Cargo \$ per revenue tonne	4.20	4.40	4.40
Container Inspection \$ per unit	80.75	83.70	84.95
Container Clean \$ per wash (interior)	43.40	45.00	45.65
Vehicle inspection \$ per unit	95.25	98.80	100.20
Vehicle clean \$ per unit (passenger)	83.45	86.50	87.80

Webb Dock West

I have determined that the proposed price increases for Webb Dock West as notified by AAT are not reasonable or justified and have set new prices as allowed by clause 2.4.12 of the Authorisation. The new prices as set out in the table below reflect an average increase over the existing prices of 1.6% as compared to the average of 4.7% proposed by AAT.

Webb Dock West Price Increases	Pre - 1 Feb 2012	Post - 1 Feb 2012	
	Actual	Determination at 1.6% average	Proposed by AAT at 4.7% average
FAC Export vehicles \$ per unit	29.45	29.95	30.85
FAC Import vehicles \$ per unit	24.00	24.40	25.15
FAC general cargo \$ per revenue tonne	4.15	4.25	4.35

Outer Harbour

I have determined that the proposed price increases for Outer Harbour notified by AAT and set out below are reasonable and justified.

Outer Harbour Price Increases	Pre - 1 Feb 2012	Post- 1 Feb 2012
	Actual	AAT Proposed & Determination at 6.0%
FAC wheeled vehicles \$ per m3	1.35	1.45
FAC general cargo \$ per revenue tonne	2.50	2.65

These increased prices will all take effect as of the date notified by AAT, being 1 February 2012.

Detailed Report

The Authorisation does not require me as the Expert to provide any explanation or reasoning for reaching the conclusions drawn. However in the interests of all parties I have set out in the attached Report full details of such matters. In certain circumstances information has been provided to me which is confidential in nature and cannot be disclosed to other parties. Where I have relied on such information I have noted this in the Report.

Submissions and Consultation

I wish to acknowledge the following interested parties who have provided information to assist me in reaching this Determination:

- AAT – as required by the Authorisation
- Federal Chamber of Automotive Industries (“**FCAI**”)
- Crane Industry Association of Queensland INC (“**CIAQ**”)
- North Queensland Heavy Haulage Pty Ltd (“**N.Q. Group**”)
- Nissan Motor Co (Australia) Pty. Limited (“**Nissan**”)
- Toyota Motor Corporation Australia Limited (“**Toyota**”)
- GM Holden Limited (“**Holden**”)
- AsiaWorld Shipping Services Pty. Limited (“**AsiaWorld**”)
- Port of Brisbane Pty. Limited (“**POB**”)
- Asciano Limited (“**Asciano**”), including Patrick
- P & O Wharf Management (“**POWM**”)

I thank all the parties listed above for their co-operation and assistance during this process.

Yours Faithfully



Deborah Cartwright
Approved Independent Price Expert

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Report on Determination Considerations

A Background

The background information that resulted in the appointment of the Approved Independent Price Expert is set out in detail in the Authorisation and is well known to all interested parties. As such I do not propose to repeat such detail in this report.

Since my appointment as the Approved Independent Price Expert, I have made two prior Determinations, being on 18 August 2010 (**First Determination**) and on 10 February 2011 (**Second Determination**). This Determination is referred to as the **Third Determination**.

B Notification of Proposed Price Increases

On 7 October 2011 AAT notified its Terminal End Users of its proposed price increases at Fisherman Islands in Brisbane, Webb Dock West in Melbourne and Outer Harbour in Adelaide, effective 1 February 2012 ("**proposed price increases**").

As contemplated under the Authorisation terminal end users who wish to may lodge objections against the proposed price increases with the Expert within 15 business days following notification by AAT of the proposed price increase.

Within this period I received 3 such objection notices from the parties listed below;

- N.Q. Group
- Federal Chamber of Automotive Industries ("**FCAI**")
- Crane Industry Association of Queensland ("**CIAQ**")

The objections from N.Q. Group and CIAQ related solely to Fisherman Islands, where a 'New Tariff' has been listed under the title "External Crane Access Fee". This charge has two components:

- 1) FAC service charge for crane access of \$2.15 per m³; and,
- 2) WHS Supervision/Administration fee of \$150.00 per operating hour.

FCAI's objection did not specifically refer to this new tariff, but it stated that they objected to the price increases proposed across all three terminals, so prima facie they also objected to this new charge.

Having received one or more such objections the Expert is required to determine whether the proposed price increases are reasonable and justified within the period prior to the date of effect of the proposed price increases, or such further period, not being more than 20 business days, as the Expert in their sole discretion requires.

On 23 December 2011 I notified AAT that I was extending the period in which I could make the Determination by the further period of 20 business days and that notice of my Determination will therefore be made no later than 3 February 2012.

I also requested AAT to publish this notice of Further Period on their website for the benefit of all interested parties.

On 3 January 2012 AAT notified their customers that my Determination may not be made by 5 January 2012 and that whilst the proposed price increases were scheduled to be effective as from 1 February 2012, they would delay the effective date to be 7 days after the Determination is made. Should the determination be made prior to 26th January 2012, the effective date of any price increases will continue to be 1st February 2012.

C Determination Process

The Authorisation sets out in Clause 2.4.6 that the Independent Price Expert must:

“... determine whether the proposed price increase is reasonable and justified, having regard to the following principles:

- (c) that AAT is entitled to generate a reasonable rate of return on the amount of funds invested; and*
- (d) the price for the supply by AAT of Port Terminal Services should be set on a terminal by terminal basis taking into account:
 - (i) all efficient input costs, including Port Terminal lease costs, among others;*
 - (ii) an appropriate allocation to that Port Terminal of AAT's head office costs;*
 - (iii) expected volumes over the period that AAT has used to calculate the proposed price increase, including where appropriate any split between committed / uncommitted volume and associated risks;*
 - (iv) the level of capital reasonably invested by AAT at that Port Terminal;*
 - (v) AAT's overall weighted average cost of capital; and*
 - (vi) the interests of Stevedores and Terminal End-Users who use the Port Terminal for which the proposed price increase relates; and**
- (e) The reasonableness and appropriateness of the existing price for the supply of the Port Terminal Service.”*

C1 Proposed Tariff Increase for Existing Tariffs

In the Table below I have summarised the % increase in the SAC and FAC over the current prices charged for all services where a current charge exists. I have also considered the movement in the CPI over the period since the prices for each terminal were last adjusted.

TABLE 1 – Proposed Nominal and Real Price Increases

Proposed increase 1 February 2012		Terminal & Date of Last Increase	CPI increase	FAC Real (CPI adjusted) increase	
SAC	FAC			Over period since last increase	Real increase per annum
3.0%	6.0%	Adelaide, since 1 April 2008	11.6%	-5.6%	-1.4%
3.0%	5.2%	Brisbane, since 30 August 2010	4.9%	0.3%	0.2%
2.0%	4.7%	Melbourne, since 21 February 2011	3.1%	1.6%	1.7%

Further on in this Determination I have considered the level of proposed increases for each terminal in detail.

C2 Newly Listed Service Charge

In addition to the tariff increase for regulated services, AAT have proposed a 'New Tariff' listed in Fisherman Islands and Webb Dock West under the title "External Crane Access Fee". This charge has two components:

- 1) FAC service charge for crane access of:
 \$2.15 per m³ at Fisherman Islands; and,
 \$1.85 per m³ at Webb Dock West.
- 2) WHS Supervision/Administration fee of \$150.00 per operating hour at each terminal.

Two of the three objections which I received on this occasion object solely to the 'New Tariff' listed in Fisherman Islands under the title "External Crane Access Fee". The FCAI objection refers to all proposed price increases at all three terminals and therefore would include this new FAC at both Fisherman Islands and Webb Dock West.

In my opinion, the Approved Independent Price Expert is required to consider any newly listed service and assess whether the price is reasonable and justified because:

- The newly listed service is an FAC;

- Revenue from the newly listed service, and any additional costs of delivering that new service, are included in the Model's calculation of AAT's reasonable return on investment;
- The net revenue from this FAC service will be included in the Model with revenue from other services, and if sufficiently large, will reduce the average level of price increase required for all other services at that terminal;
- The ACCC Authorisation clause 2.4 deals with the "process for increasing prices for Port Terminal Services". Clause 2.4.1 requires that the process must be followed if AAT proposes to increase the price it charges for the supply of **any** regulated Port Terminal Service at a Port Terminal and the price for this service is moving from zero to the level proposed by AAT; and,
- The Approved Independent Price Expert is required to have regard to the reasonableness and appropriateness of the existing price for the supply of the Port Terminal Service.

I have consulted with AAT and the two Terminal End-Users who lodged the objections on the crane access and WHS fee at Fisherman Islands. The parties have agreed to continue their negotiations on the manner in which the charge is to be calculated, on the removal of possible duplication of WHS compliance costs, and on the pricing of the service. They have advised that they expect these negotiations to be completed in January 2012.

I have also liaised with the FCAI who have advised that they are not concerned specifically with these proposed new charges and that as long as the ultimate outcome would not have a material impact on the prices charged to their members for other services, they would withdraw their objection in relation to these proposed new charges.

As the ultimate outcome of the discussions between AAT and the two terminal end users is that the price will be either at the level proposed by AAT, or some other lower amount, the only impact that such a reduction could have is to actually increase the prices to be charged for other services given the way the Model operates.

I therefore conclude that to defer a decision now on these proposed new prices is potentially favourable to the users of other services, but definitely not detrimental.

I therefore advise that I will not be considering the proposed new charges as part of this Determination and will defer such decision until the negotiations between the parties are complete, or by 3 February 2012 (being the expiration of the extension period for my Determination), whichever is the earliest. The ultimate outcome of the negotiations and / or my Determination will not result in any changes to the prices for other services dealt with in this Determination.

D AAT Pricing Model

In their first notification of proposed price increases which was subject to the ACCC Authorisation, AAT advised Terminal End-users on 29 April 2010 that the new tariffs were based on a detailed pricing model (“**the Model**”) developed by a leading firm of economists (“**CEG**”) who are experienced in working with organisations whose operations were regulated.

In my prior Determinations, I considered in detail the submissions made by CEG as to how the Model was constructed and the rationale behind the input assumptions and how in their opinion, the Model does address the factors set out in Clause 2.4.6 of the Authorisation.

Where I did not agree with the assumptions, methodology or rationale adopted by CEG and AAT in preparing the Model, I provided details in the relevant section of the relevant Report together with my reasons for such opinion.

I have been provided with full access to the amended version of the CEG Model, which AAT and CEG have used in calculating subsequent proposed price increases for Fisherman Islands, Webb Dock West and Outer Harbour. The CEG amendments to the Model were made in order to address each of the factors raised in my First and Second Determinations on the operation of Clause 2.4.6 of the Authorisation which must be taken into account by the Expert in making a Determination as to whether the proposed price increases are reasonable and justified.

Further amendments to the Model have been required to facilitate the replacement of forecast cashflows and input assumptions used in the original Model, with actual cashflows for the elapsed period as well as updated input assumptions and forecasts. The ‘typical year’ for the purposes of the cash flow projections is now the 12 months commencing from the date the new prices become effective, being 1 February 2012.

Where I do not agree with any assumptions now adopted by AAT, or have found it necessary to model additional analyses to arrive at this Determination, I have indicated so in the relevant section of this Report together with my reasons for such opinion.

D1 Fisherman Islands – Assumptions and Forecasts

In the First Determination I noted that the forecast assumptions in the Model, after the price increase for Fisherman Islands from August 2010, would leave AAT with an unrecovered investment on termination of the POB lease in the order of \$4.6 million. Using the principles laid down in the ACCC Authorisation, a further price increase of 4.1% would have been justified at that time by this analysis which, if imposed, would have enabled the investment to be recovered by the termination date under the lease.

Two key assumptions in the Model were:

- that volume throughput at the terminal would grow at 1% p.a. compound until the termination of the lease; and,
- that prices and costs would rise in line with the CPI.

If all other assumptions remain unchanged, and if projected revenues, costs and capex for the intervening period had been achieved, the Model would now be expected to justify a 9% price rise from 1 February 2012, being:

The increase in the prior Model not applied	4.1%
plus	
CPI component over the period (Table 1)	<u>4.9%</u>
Prima Facie Price Increase before Determination and other input data	9.0%

However an additional \$3 million has been incurred on capital assets at the terminal since August 2010 which increases the regulatory asset base (**RAB**) for this terminal.

Revenue and expenses have been in line with the forecasts in August 2010, with the exception of the rental increase¹ notified by the POB, which significantly exceeds the CPI for the period.

Taking these factors into account the Model would calculate a price increase higher than 9%, due to the need to recover the additional capital invested over the remaining term of the cash flow forecast together with the impact of the increased rent.

POB and AAT are in negotiations regarding the extension of the Fisherman Islands lease term, and are negotiating a strategy to expand terminal capacity to meet future demand, without the need to develop a new terminal (as proposed by POB before privatisation). This will involve some additional Capex being incurred by AAT over the extended lease term, and some fundamental changes to revenue forecasts and operating expenses in the second half of the extended lease term.

This additional projected capital expenditure has been included in the Model to be incurred from 2016 onwards.

In the CEG Model prepared in September 2011, AAT have instructed CEG to incorporate an extension of the cash flow forecast period from 2016 in line with the new lease terms currently being negotiated with POB.

The current Model therefore allows for the further capital expenditure, increased rent (but at an amount lower than originally advised by POB on the basis that negotiations will result in a significant reduction).

The net result is that the Model I received from AAT supports a price increase of 5.2% from 1 February 2012 for the regulated services. This is the output from the

¹ Rental increase is subject to negotiation and possible dispute resolution procedure – see **Section F3**

Model before my consideration of the input and assumptions adopted by AAT. The movement in the CPI over the period has been 4.9%, so AAT are seeking a real increase of 0.3% in the charges to be levied.

I note that the forecasts for Capex, operating revenue and costs after 2016 will not be sufficiently certain until the future operating conditions and lease term are settled, and will therefore need to be considered in detail when AAT proposes any future price increase at the terminal.

The price increase calculated by the Model is sensitive to the capex assumptions. As an example, if the projected capital expenditure was to increase or decrease by 50% from 2016, resultant price increase produced by the Model would vary by 3% (i.e. 2.2% or 8.2%).

D2 Webb Dock West – Assumptions and Forecasts

In the Second Determination, I determined that the price increase for Webb Dock West from February 2011 should be reduced from 30.5% as proposed by AAT (and based on a Model which actually calculated the required increase to be 61%) to 17%. The modifications applied the principles laid down in the ACCC Authorisation, and have been built into the amended Model by CEG for this current proposed price increase.

Table 1 compares the 4.7% price increase now proposed by AAT to the rise of 3.1% in the CPI over the intervening period, a real increase in the proposed charges of 1.6%. This proposed real increase is calculated by the Model due to a 2.1% fall in projected revenue, which is the result of a change in product mix, with the higher priced export volumes falling below the former forecasts, reflecting the impact of the high Australian dollar.

All other material assumptions in the current Model for Webb Dock West are consistent with those adopted in the Model considered in my Second Determination.

D3 Outer Harbour – Assumptions and Forecasts

AAT has not raised prices at Outer Harbour since April 2008, which pre-dates my appointment as the Approved Independent Price Expert. AAT's notification of tariff reviews dated 7 October 2011 advised Terminal End-Users that:

“Whilst the pricing Model has calculated an increase in excess of 300%, the average increase to be applied to regulated tariffs is 6%.”

The pricing Model calculates this increase in excess of 300% for two main reasons:

- the relatively low component of revenue from FAC (the regulated tariffs);

- the cash flow forecast period used in the Model is too short to recover AAT's investment with the existing lease arrangements which terminate on 31 January 2015.

The Model forecasts long term Capex on the replacement of plant and equipment as each item reaches the end of its useful life. Using this methodology the Model would calculate that \$1.8 million in Capex be incurred by AAT at Outer Harbour over the remaining lease term. Even if I assume that replacement of plant and equipment over the next 3 years will not occur unless AAT has confidence that the extension of the lease beyond 2015 will be obtained, the Model calculates that the FAC would still need to be increased immediately by 150%, and escalated with the CPI over the next 3 years in order to recover the RAB that currently exists for Outer Harbour over the remaining existing lease term.

AAT's facility at Outer Harbour is an automotive terminal and does not generate significant revenue from other cargo types. Car imports are actually handled in the majority through the adjacent Flinders Ports Pty Ltd ("Flinders Ports") terminal - AAT receives SAC for these imports handled through the Flinders Port terminal as AAT plans and provides stevedoring equipment etc for use by the relevant stevedores. Few imports are actually handled in the AAT terminal, although when they are the appropriate FAC is charged by AAT.

The FAC and SAC are both charged on exports by the major motor vehicle exporter of assembled light vehicles from Adelaide. The exporter also has a financial arrangement in place which assists AAT to cover overheads at the site, and facilitates the automotive terminal continuing to operate regardless of the actual throughput volumes.

Exports have not recovered to pre-GFC levels due to a number of factors, including the high Australian dollar exchange rate. As a result, FAC revenue is proportionately lower at Outer Harbour than at other AAT terminals.

The short term of the remaining lease term results in the Model calculating an extraordinarily high FAC price increase applied to a small base.

Despite the output from the Model being a price increase of 300%, AAT have proposed an increase of 6%, which is considerably less than the movement in the CPI of 11.6% over the period since the last price adjustment.

D4 Port Kembla – Assumptions and Forecasts

AAT advised Terminal End-Users in the announcement of the Proposed Price Increases on 7 October 2011 that:

“In Port Kembla a review was undertaken, and due to strong volume growth no increase to regulated tariffs will take place”

As AAT did not propose any price increase for this terminal there were no objections lodged and therefore no reason for me to consider the impact of the purported strong volume growth on the required price which the Model would calculate for this terminal.

However in my consultation with FCAI and their members, I was advised that the growth in motor vehicle volumes at Port Kembla has been similar in 2010 and 2011 to volume growth at other terminals over the same period and that it was expected to be similar in 2012 across all terminals. The Terminal End-Users were therefore somewhat confused about the statement from AAT as to strong volume growth at the Port Kembla terminal.

Having examined the current Model for Port Kembla, and discussing the changes with AAT, I note that the volume growth referred to in the statement made by AAT on 7 October 2011 related to general cargoes processed through the terminal rather than motor vehicles. The level of such cargo processed through the terminal for the period to December 2011 was considerably higher than the level forecast in the Model prepared for the proposed price increases effective at August 2010 and considered in my First Determination. AAT advised that this increased volume was the result of the following:

- Container throughput at Port Kembla has been significantly higher over the period from the last price increase due to congestion at Port Botany, and is forecast in the current Model to remain high in the forecast period to January 2013.
- AAT have benefited from break-bulk cargo during the 2011 year which normally passes through other berths at Port Kembla. AAT regard this custom as unusual and outside normal trade for the terminal.

The impact of the higher volumes in 2011 and 2012 at Port Kembla for general cargo and containers is that the current Model shows that the RAB has now been reduced below the level forecast in earlier versions of the Model. This in turn means that no price increase is proposed at Port Kembla now.

E Reasonable Rate of Return on Funds Invested

The Authorisation provides that AAT is entitled to generate a reasonable rate of return on the funds invested. In considering this the two factors I have had regard to are:

1. What is the level of return which is “reasonable” to AAT; and
2. What is the level of funds invested by AAT?

E1 Reasonable Rate of Return

In my First Determination I determined that a reasonable rate of return for AAT to adopt was 12.65% p.a. pre-tax. This is also referred to as the pre-tax weighted average cost of capital (“WACC”). This rate is applied to future cash flows, not historic earnings. I also accepted this rate in my Second Determination.

The current Model has adopted the same rate of 12.65% for the WACC applicable to AAT in the current year, but falling to 12.10% per annum for the forecast period primarily as a result of a lowering of interest rates and reduction in the market risk premium applied.

For the following reasons I accept that there would have been no material change in the WACC applicable to AAT:

- 1) Long Term Risk Free interest rates have been relatively stable, ranging from 6.5 and 5% between January 2000 to January 2012. Whilst the level has stayed below 5.5% since May 2009, there have been no wide fluctuations during the period;
- 2) The Model adopts a constant rate within each financial year in order to even out the impact of volatility throughout the year.
- 3) There has been no material change to the underlying risk profile of AAT itself since August 2010.
- 4) AAT have reduced the market risk premium they apply by 0.5% as compared to earlier Models. Given the recent interest rate falls since the Model was updated by CEG in September 2011, which were influenced by heightened international risk associated with European sovereign debt, it may be that such a reduction in the market risk premium was premature. Overall the effect of the reduction in interest rates together with the possible increase in market risk premium should be relatively neutral
- 5) I have recalculated the average Equity Betas for the industry and for AAT’s shareholders, and believe the beta of 1.1 adopted by AAT for the two previous proposed price increases continues to be appropriate.

I have examined the change to the specific risk factors applicable to each of the terminals operated by AAT and considered their impact on AAT's overall risk profile and note the following;

- As discussed in **Section F3** the prospect of a longer term lease in Fisherman Islands marginally reduces the investment risk.
- However the expected cessation of operations at the Bell Bay terminal from February 2012, and the remaining lease term at Webb Dock West now being some 12 months shorter since the last modelling, have both increased the company's risk profile.

Therefore I accept that the rate of 12.10% used in the Model for the WACC applicable to AAT for future cash flows is reasonable.

E2 Funds Invested

The Authorisation sets out that the level of capital reasonably invested should be considered on a terminal by terminal basis – see Section C(d)(iv). I have therefore considered the level of funds invested under Section F6 below dealing with it on a terminal by terminal basis.

F Factors to be Taken into Account When Setting Prices

F1 Price to be Set on a Terminal by Terminal Basis

The AAT Model does seek to calculate the prices on a terminal by terminal basis. The AAT accounting system allocates direct revenue and expenses on a terminal by terminal basis for management accounting purposes. Budgets are also prepared on this basis. The Model uses the data from these management accounts and budgets on a terminal by terminal basis in calculating the prices.

Head Office and company overhead costs are allocated to each terminal on the basis of proportional revenue. This is considered further in Section F4 below.

F2 Efficient input Costs

AAT have assumed in preparing their Model that all historic and forecast expenditure and investment has been prudent. To support this assumption they argue that they had a strong incentive to only incur efficient input costs, because like any firm, to the extent that AAT could lower its input costs, this would increase its profit margin for a given set of prices.

I accept that this argument is reasonable and that AAT's input costs can be assumed to have been efficient historically.

However given that AAT is now in a regulated environment and that the Model adopted seeks to calculate prices for the period **ahead** using amongst other things, **expected or forecast input costs**, the higher the forecast costs used in the Model, the higher the resulting price that the Model would calculate as being required. After setting the prices, AAT could in fact find that there are various ways in which the actual costs can be reduced, but the prices will have already been set. It is therefore necessary to consider how the forecast input costs for the year ahead have been calculated by AAT.

I have set out in the tables below a comparison of the forecast expenses for 2012, the year-to date plus budgeted expenditure for the remainder of 2011 (at time Model updated by CEG) and the actual expenses incurred in 2008, 2009 and 2010. Each head of expenditure is expressed as a percentage of the base year, which is 2008. In each case I note that costs were initially lower subsequent to 2008 due to lower levels of economic activity in the aftermath of the Global Financial Crisis ("GFC").

I note that Head Office costs have been reduced and are forecast to remain lower in 2011 than they were in 2008 and 2009. The principle reasons for the reduction in Head Office costs are the finalisation of the ACCC proceedings and apparent downsizing of head office staff.

COST ANALYSIS - FISHERMAN'S ISLAND	Base Year 2008	Actual 2009	Actual 2010	YTD + Budget 2011	Forecast 2012
Salary, wages and on-costs	100%	66%	81%	80%	84%
Rent, rates and taxes	100%	116%	135%	155%	161%
Repairs and maintenance	100%	85%	111%	107%	109%
Security	100%	82%	101%	99%	99%
Insurance	100%	125%	59%	77%	85%
Communications	100%	120%	125%	126%	124%
Electricity	100%	157%	167%	143%	149%
Fuel	100%	61%	75%	80%	78%
Cleaning	100%	76%	118%	121%	125%
Equipment hire	100%	45%	47%	31%	31%
Other expenses	100%	55%	63%	55%	56%
Allocation of head office costs	100%	109%	70%	63%	62%
TOTAL EXPENSES	100%	96%	106%	113%	116%
TOTAL REVENUE	100%	77%	101%	106%	107%

With regard to the expense management and forecasts for Fisherman Islands, I note:

- The rent paid to POB is the major expense incurred at this terminal. Therefore despite the impact of the GFC which reduced the level of throughput, total costs did not fall significantly due to the material increase in the port rental charged by POB to AAT over the period since 2008.

- Whilst in % terms the increases in Electricity, Communications and Cleaning have been large, the overall impact has been negligible as the \$ value of these costs is small.
- Most other costs appear to be variables which AAT has been able to control in line with the level of port throughput;

COST ANALYSIS - WEBB DOCK WEST	Base Year 2008	Actual 2009	Actual 2010	YTD + Budget 2011	Forecast 2012
Salary, wages and on-costs	100%	77%	74%	76%	79%
Rent, rates and taxes	100%	91%	77%	108%	115%
Repairs and maintenance	100%	41%	92%	88%	102%
Security	100%	90%	93%	93%	95%
Insurance	100%	115%	34%	48%	50%
Communications	100%	84%	114%	135%	100%
Electricity	100%	79%	95%	105%	112%
Fuel	100%	55%	59%	78%	86%
Cleaning	100%	113%	94%	94%	98%
Equipment hire	100%	248%	237%	245%	257%
Other expenses	100%	53%	76%	59%	40%
Allocation of head office costs	100%	95%	59%	56%	62%
TOTAL EXPENSES	100%	87%	78%	96%	101%
TOTAL REVENUE	100%	67%	86%	94%	106%

With regard to the expense management and forecasts for Webb Dock West, I note:

- Rent, which includes payments under the volume based Preferential Berthing Licence, have risen in line with throughput (which is forecast by AAT to return to 2008 levels in 2012) and to market rent reviews on the site lease.² During the downturn in revenue due to the impact of the GFC on activity, total costs did not fall proportionate to revenue since the port rental charged by POMC to AAT is the major head of expenditure. The apparent fall in rental in 2009 and 2010 was due to a phased in recovery of rental overpaid, arising from AAT successfully contesting the May 2008 market rent review;
- Some other costs which are higher than in 2008, such as cleaning and equipment hire, are not large expenditure items and the increases are not material, or are subject to one-off variations;
- Most other costs appear to be variables which AAT has been able to control in line with the level of port throughput, with efficiencies in staffing and insurance costs;

² The apparent fall in rent from 2010 to the 2011 projection reflects rental accruals at a higher rate before POMC advised AAT of their market review. Formal notice was received on 23 November 2010.

COST ANALYSIS - OUTER HARBOUR	Base Year 2008	Actual 2009	Actual 2010	YTD + Budget 2011	Forecast 2012
Salary, wages and on-costs	100%	57%	39%	42%	43%
Rent, rates and taxes	100%	109%	90%	101%	103%
Repairs and maintenance	100%	39%	152%	120%	117%
Security	100%	99%	115%	115%	121%
Insurance	100%	145%	91%	128%	137%
Communications	100%	64%	71%	79%	82%
Electricity	100%	35%	81%	71%	87%
Fuel	100%	42%	53%	63%	65%
Cleaning	100%	77%	101%	102%	108%
Equipment hire					
Other expenses	100%	52%	23%	21%	25%
Allocation of head office costs	100%	71%	44%	36%	44%
TOTAL EXPENSES	100%	79%	72%	74%	78%
TOTAL REVENUE	100%	50%	64%	61%	76%

With regard to the expense management and forecasts for Outer Harbour, I note:

- Operating costs were higher in 2008 due primarily to the buoyant economic conditions experienced in 2008 generating strong export demand from overseas customers.
- Most other material costs appear to be variables which AAT has been able to control in line with the level of port throughput.

I have previously visited the Webb Dock and Fisherman Islands terminal and discussed the inputs costs and incentives with terminal management and head office to control operating expenses. My review of the operating expenses has not identified any head of expenditure which is not an 'efficient input cost'.

I have not visited Outer Harbour, but have consulted with AAT and Terminal End-Users, including detailed discussions with the major exporter, who provided a copy of the Logistics Services agreement under which AAT provides export services to them. My review of the operating expenses and these agreements has not identified any head of expenditure which is not an 'efficient input cost'.

Based on the above analysis I consider that the forecast expenditure appears reasonable given the historical data and improving economic conditions.

F3 Port Terminal Lease Costs

The Authorisation specifically refers to Port Terminal Lease Costs being considered as part of the efficient input costs. Each terminal is considered separately below.

1. Fisherman Islands

The Fisherman Islands site is leased by AAT from POB. The lease was for a 10 year term and expires in May 2016. I have been advised by both AAT and POB representatives that negotiations are under way to replace this lease with a new lease.

We understand that the replacement lease is being negotiated as part of a strategy by POB to defer the need to undertake the development of an alternative terminal in Port West, by increasing the capacity of the AAT terminal to handle growth in trade through the port for 20 years and beyond.

In May 2008 a market review of the rental charged by POB was undertaken in accordance with the terms of the lease. The rent charged by POB to AAT is a % of the assessed value of the land and the improvements owned by POB and used by AAT. As a result of the May 2008 review POB claimed that the value of these assets, and hence the base on which the rent is calculated, increased by 390%. POB have advised AAT that the market review due as at May 2011 indicates a further significant increase in the rental base.

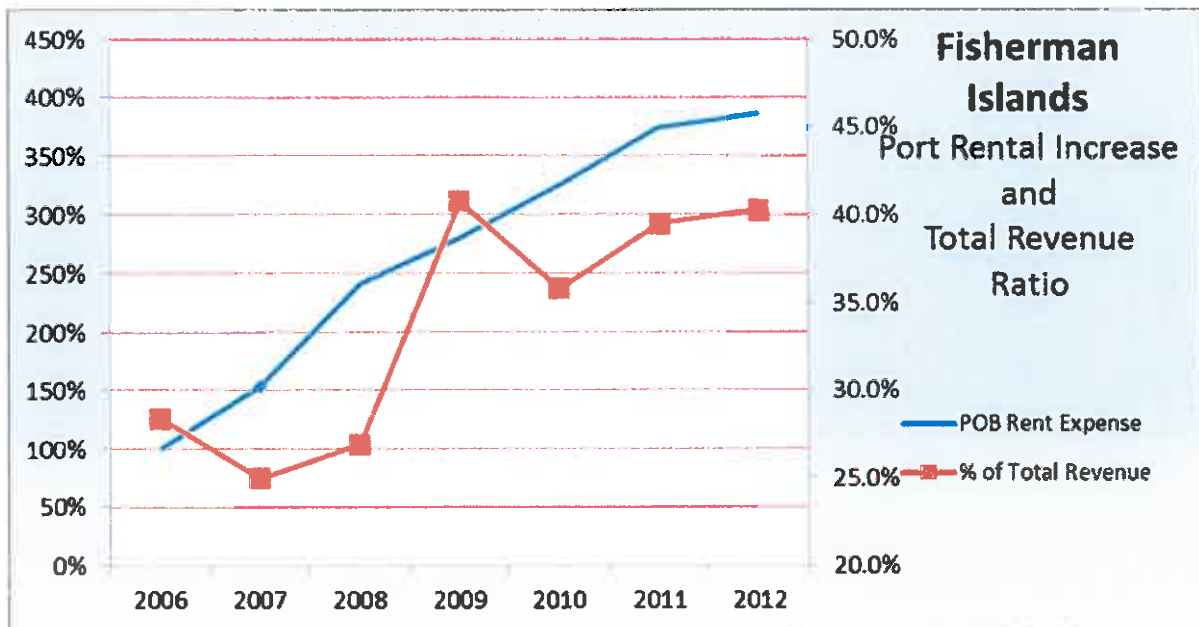
AAT disputed the May 2008 rental increase and were successful to the extent that POB agreed to a phasing in of the 2008 rental increase over 3 years, with the final increase being effective from 7 May 2010. The rental increase history, taking into account the notified increase (subject to dispute procedures) from May 2011, is as follows:

Effective Date	% Increase over 2007	% Increase over previous Year
7 May 2008	173%	173%
7 May 2009	277%	38%
7 May 2010	391%	30%
7 May 2011	516%	(subject to review)

AAT have now commenced negotiations with POB under the terms of the lease in relation to the proposed market review adjustment applicable from May 2011.

Given that the site is currently utilised to a high level I consider that the whole of the leased site is efficiently used in the operations by AAT.

Set out below is a graphical representation of the % increase in rent at Fisherman Islands since 2006, together with the % of revenue for that terminal that the rent represents. The figure entered from May 2011 is the amount currently advised by POB to be applicable as from May 2011, although this is still subject to negotiation.



As can be seen from the above graph the expense for Rent, Rates and Taxes has now increased to nearly 4 times the level of the expense in 2006, due mainly to the increase in the rental charged by POB. This expense item has increased from about 28% of total revenue in 2006 and 23% in 2007 to now equal 40% of total revenue for 2011 and projected 2012. This demonstrates that a significant part of AAT's price increases have been to simply pass on the POB rental increase to Terminal End-Users.

The POB lease provides for compensation to be paid to AAT upon termination of the lease for the unamortised value of improvements which AAT had developed on the site. The lease agreement does not give strong support for any particular level of compensation, or a formula for identifying and valuing unamortised improvements. I consider there is a risk of a material dispute arising over compensation for unamortised improvements at the end of the AAT port lease term, but that the additional term currently being negotiated reduces the quantum of that risk, due to the longer term within which AAT may recover its investment. This is of course subject to the negotiations resulting in such a new lease being granted.

The Model prepared by AAT assumes that the outcome of the current rental negotiations is an amount lower than the amount currently claimed by POB. However for confidentiality purposes I cannot disclose what the level adopted is. Based on my discussions with both parties I believe that the level adopted by AAT is reasonable in the circumstances.

The AAT Model also assumes that the new lease will be successfully negotiated and the term therefore extended. This therefore gives a longer period for the recovery of the overall RAB and is therefore favourable to the terminal end users.

2. Webb Dock West

AAT has operated the automotive terminal at Webb Dock West since July 2005 under a lease from the Port of Melbourne Corporation (POMC). POMC is a state government business enterprise with the responsibility for management and development of the Port of Melbourne. The original lease for a period of 10 years was granted in 1998 to Strang Stevedoring Australia W.D.W. Pty Limited (Strang), which subsequently became a subsidiary at the time of Toll Holdings Limited (Toll).

The lease was subsequently assigned to AAT by Deed of Assignment dated 30 June 2005. The lease rental is subject to biannual reviews to market, with a CPI adjustment every other year. AAT subsequently extended the lease with the current lease term now due to expire in December 2017.

In the Second Determination, I discussed the contested rental review due from 1 January 2006, and the effect of the overpayment of rental until the dispute was resolved in May 2009. The overpayment was credited to AAT over a number of years, resulting in a significant dip in the rental expense, discussed under **Section F2** above.

The next market review under the lease is scheduled for 1 January 2012, and every two years thereafter. AAT have advised that they have not yet received any notification from POMC as to what the actual market review will be. In the Model, AAT have assumed an increase of 6.4% in the overall charge for rent as at 1 January 2012, with annual CPI increases throughout the remainder of the forecast period.

Actual rentals for the terminal lease have both a fixed and a variable component. The variable component obviously moves with variations in the level of throughput through the terminal. The assumed increase for the year commencing 1 January 2012 takes into account projected throughput volumes of 122,000 vehicles, which was AAT's estimate in September 2011 when the CEG Model was prepared. Clearly, if the volume throughput is lower than projected, the variable component of the land rent expense will also be lower. However I have not considered it appropriate to amend the Model for Webb Dock West to reflect the decreased volumes following the floods in Thailand, nor to adjust the volume-based component of the rent expense.

3. Outer Harbour

The Outer Harbour site has been sub-leased by AAT from Flinders Ports (who in turn has a 99 year lease from the South Australian Ports Corporation), commencing on 10 May 2004 for a 5 year term, with the right to renew for a further 5 year term. The original term had annual CPI increases, with a market review if the further term was entered into. After the expiration of the original term negotiations took place between AAT and Flinders Ports and a system of rolling one year leases was implemented and is in place until 31 January 2015. This new rolling lease contains a

fixed rental amount, subject to annual CPI increases, with a charge per vehicle exported which exceed the annual quota.

The last Rent Review was for the CPI of 3.63% and occurred in July 2011. The forecast modelling allows for increases to occur in line with CPI each year

Overall I consider that there is evidence that AAT have made reasonable efforts to ensure that Port Terminal Lease Costs are an efficient input cost, examples being their successful objection against the proposed market review as at 1 January 2006 at Webb Dock West which resulted in the proposed rental increase being reduced by 75%.), and the negotiation process currently being undertaken with the newly privatised POB to reduce the rental increase at Fisherman Islands from May 2011.

F4 Allocation of AAT's Head Office Costs

AAT operates 5 terminals, reducing to 4 with the discontinuation of the Bell Bay facility announced in AAT's notification on 7 October 2011 and due to take effect from February 2012. AAT accounts for each terminal as a separate unit in its management accounting system. AAT also has a sixth cost centre, which is for its Head Office and overhead costs. For its management accounting purposes AAT does not allocate this overhead in any manner to the individual terminals.

The ACCC Authorisation however considers that an appropriate allocation of Head Office costs to the terminals should be made when considering the costs of operating each terminal.

By their very nature Head Office and corporate overhead costs are costs which cannot be attributed directly to any particular terminal nor in any fixed proportion to each terminal. Where allocation of such costs is required, it is usually done on the basis of some measurable attribute from each cost centre, such as revenue, direct costs, staff numbers or site area. The most appropriate measure to use can vary depending on the particular characteristics of each business.

In the Model, AAT have chosen to allocate the head office costs to each terminal on the basis of revenue generated at that site. In my First Determination, I considered each of the alternatives for allocating head office cost and accepted that the allocation based on revenue is a reasonable basis on which to allocate such costs to each terminal.

The September 2011 CEG Model has been adjusted from earlier versions to now include an allocation of head office capital expenditure in the RAB of each terminal. The allocation was made on the basis of the revenue in each terminal for the year in which the capital expenditure was incurred. In the earlier versions the depreciation expense booked at Head Office was included in the Head Office Expenses allocated to each terminal on the basis of revenue. However CEG have pointed out that this

methodology did not allow for a return on this part of the RAB to be calculated. In the first version of the September 2011 Model CEG had also left the depreciation of such capital items as an expense in the Head Office expense category which is then allocated to each terminal, thus resulting in an effective duplication of this expense. After discussions with CEG they agreed that the Model should be amended to exclude the depreciation charge and an amended Model was provided.

I consider both that both the use of depreciation expense and the method of adding the cost to the RAB are acceptable and the difference in the outcome using either scenario is not material. I have therefore determined that it is reasonable to allow the allocation of the Head Office Capex to the RAB of each terminal and remove the Head Office depreciation expense from the amended Model.

The cash flow forecasts prepared only allow for such capital items to be replaced on one occasion, not on each occasion over the forecast period where such replacement may be required. For the Webb Dock West and Outer Harbour terminals this does not cause an issue as the remaining lease terms would only require 1 replacement. However if the new lease for Fisherman Islands is granted then the Model will need to be amended to allow for a second replacement.

F5 Expected Volumes

The Authorisation provides that the expected volumes over the period that AAT has used to calculate the proposed price increases, including where appropriate any split between committed / uncommitted volume and associated risks, should be a factor considered by the Expert.

AAT provided CEG with estimates of volumes for the different types of cargo for the forecast year commencing 1 February 2012 based on their experience and forecasts published by various bodies. As part of the process of considering how reasonable these estimates provided by AAT were, I requested AAT to provide me with historical data in relation to volumes in each terminal.

Given the fall in volumes due to the GFC, terminal end users have been keen to ensure that the forecast volumes used by AAT in the Model reflected the recovery in trade evidenced as Australia appears to emerge from this downturn.

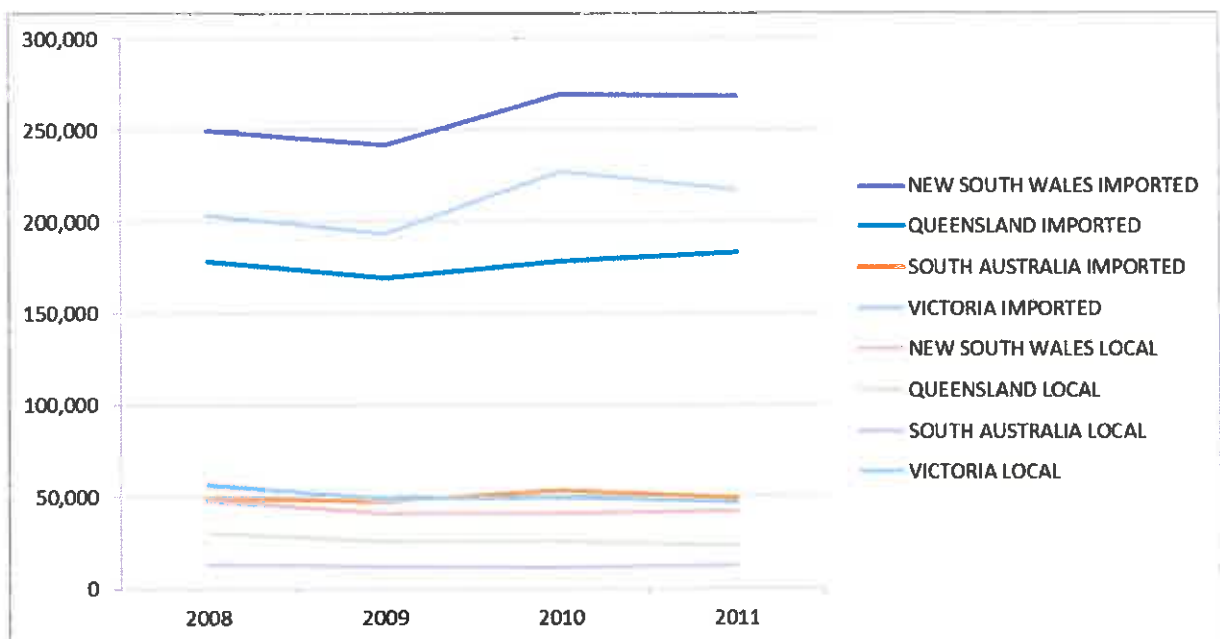
In my meetings and conversations with various end users during the process of making each Determination, I invited them all to submit their own data as to projected volumes for the purposes of assessing the reasonableness or otherwise of the projected volumes used by AAT in the Model. I have also sought to corroborate historic trends and volume expectations from other sources, including the port authorities and government agencies.

Much of the information so provided is confidential in nature and cannot be published in this Determination. However it is possible to make some general comments in relation to the data so provided.

This data showed that during the GFC and apparent recent emergence, there has been significant volatility in cargo volumes. All types of cargo volumes were lower for about 18 months than the preceding period to 2008. However the Federal Government's economic stimulus packages, and in particular the impact on new car sales of the investment allowance, appeared to have limited the impact of the GFC such that volumes did not fall as much as might otherwise have been expected.

Actual numbers provided to me show that motor vehicle sales volume levels for the 2011 Calendar Year are now back at pre GFC levels, as can be seen from the chart below.

Vehicle Sales by Source by State - Imports and Local Production



Other cargoes at Port Kembla and Fisherman Islands have also recovered strongly.

Despite the surprising strength of the motor vehicle market, especially in the second half of 2011, particular imported models have suffered supply problems due to the natural disasters in Asia, particularly the flooding in Thailand and the earthquakes/tsunami in Japan. Our discussions with industry participants indicated that it would take some time for the production facilities to be repaired and re-commissioned but in the meantime manufacturing had been switched to alternative facilities owned by the groups, and other suppliers have stepped in to supply alternative products.

Overall, importers and domestic suppliers have been able to achieve surprisingly high new vehicle sales in 2011, despite supply problems for some models and

importers. The exception is Webb Dock West, which suffered set-backs in the level of exports and from imports from Thailand in the final months of 2011, with the impact of the Thai floods expected to continue into 2012.

Although international sovereign debt concerns generate economic uncertainty, my consultation with AAT, terminal end-users, and independent sources indicate that Australian trade expectations, especially through AAT's terminals, are expected to show further growth in the coming year.

Both shippers and automotive importers are relatively certain of the forecast volumes for the first 3 months of the current calendar year, as orders, production and shipping are generally committed to approximately 3 months in advance. However beyond this initial period it is really their best estimate of what is likely to occur.

Bulk freight and General Cargo

Webb Dock West and Outer Harbour are predominantly automotive terminals, with little bulk freight or general cargo through either terminal.

For Fisherman Islands, volumes of break bulk have grown strongly from the first half of the 2010 calendar year in Queensland. This is reflected in the revenue generated at Fisherman Islands, and corroborated by anecdotal information received during consultations.

POB have advised that they have been provided with forecast volumes for general cargo and containers through Fisherman Islands for the 2012 financial year by AAT and that they consider those forecasts to be reasonable. I note that the forecast data provided to POB is the same as that used in the CEG Model.

The actual growth experienced at Fisherman Islands for 2011 was as forecast in the 2010 CEG Model. The current CEG Model assumes continued high demand for both containers and general cargos.

Motor Vehicles

The AAT forecast for vehicles for 2012 are for a continuing growth in imports, despite the cessation of the increased investment allowance and the impact of the tsunami in Japan and the more recent floods in Thailand. Export projections remain subdued, mainly due to the high Australian dollar exchange rate.

With the higher level of investment allowance ceasing as at 30 June 2010, there was a great deal of uncertainty in the automotive industry particularly as to volume levels moving forward. Volumes were down across the country in the first half of calendar 2011, but all industry parties have expressed surprise at the strength of demand and the resurgence of vehicle sales in the 5 months to November 2011.

The AAT forecast data, which has been used in the current Model, has been compared to the data provided by, or publicly available from, the port authorities, and with confidential forecasts provided by stevedores and members of the FCAI.

For each terminal I note the following:

1. Fisherman Islands

POB provided a forecast for Fisherman Islands for motor vehicle throughput which was higher than AAT by about 10%, but did note that they did not consider the AAT forecast to be unreasonable. POB advised that their forecast was based on a continuation of the trend line of vehicle imports recovering from the GFC (thereby adopting a higher rate of growth across the board than a more stable rate of growth once pre GFC levels have been re-established).

I therefore accept that the forecast volumes used to Fisherman Islands in the Model are reasonable.

2. Webb Dock West

In my Second Determination, I considered in detail the different forecasts for Victoria and the Port of Melbourne, noting that some of the major forecasts had been prepared to assist the development of a new strategy for the port, including the government's preferred policy of moving the car imports out of the Port of Melbourne to Geelong. Many of these forecasts were related to ensuring adequate capacity is provided over the longer term, rather than being forecasts of actual expectations of industry participants. I note that the forecasts adopted in the Model for the Second Determination by AAT are closer to the actual figures achieved in the recent period than to the strategic forecasts provided by POM, which indicates that historically AAT's forecasts of volume throughput have been realistic.

Overall throughput volume forecasts in the September 2011 Model show a modest growth over historical numbers, However there has been a change in the product mix, with a reduction in exports and increase in imports (impacted by the high \$A and the Thailand floods).

The Thailand floods have had a severe impact on Webb Dock West in the months since CEG prepared the September 2011 Model for AAT and actual throughput volumes for the last quarter of calendar year 2011 were well short of the forecast figures provided to CEG. AAT has advised that this that this is expected to continue to affect the throughput in 2012, resulting in the forecast throughput volumes being reduced for 2012 as compared to those currently included in the Model. When the Model is updated with actual trading results impacted by the Thailand floods since September 2011 at the time of the next price increase, the Model will take into account the reduced revenue (and the lower volume-based component of the rent).

3. Outer Harbour

I have not needed to consider volumes at Outer Harbour in prior Determinations.

The Terminal End-Users and AAT both agree that export volumes are particularly sensitive to movements in the Australian Dollar exchange rate, and especially to the United States dollar. AAT advised that the combined effect of the high Australian dollar and the GFC saw exports from Outer Harbour plummet from 2008 to 2009. Although there has been some recovery, the figure below shows exports in 2011 and forecast for 2012 remain below 25% of the export volume in 2008.



The major exporter from Outer Harbour estimated that if the exchange rate fell to \$0.85 to the USD, exports may increase by as much as 50%. I note however that the current analysis of the price increase at Outer Harbour is not sensitive to even large increases in projected volumes. I have used the Model to test the sensitivity of a 50% growth in volumes of exports and imports in 2012, followed by 1% p.a. continued growth thereafter. Even with the 6% FAC price increase from 1 February 2012 and CPI price increases every year thereafter, AAT would need to continue operating at Outer Harbour at those higher volumes until January 2019 in order to recoup its RAB.

AAT have adopted volume forecasts which reflect the current trends in vehicle imports in South Australia, and which are in line with the expected level of sales of vehicles in other States for 2012. The forecasts in the Model are also close to the expectations and forecasts by the industry and stevedores. Export forecasts in the Model are marginally higher than recent historic performance, and the forecast used in 2012 is in the middle of the range nominated by the major exporter.

Competition

I note that AAT does have competition from other terminals as follows;

- In Brisbane competition for the break-bulk trade is from Pinkenba Bulk Wharf and the General Purpose Berth, both of which are Common User facilities.
- In Webb Dock West, the competition was discussed in detail in the Second Determination, with direct competition coming from Patricks terminal at Webb Dock East, and from Appleton Docks;
- In Outer Harbour, there is no direct competition, as the adjacent Flinders Port berth is serviced by AAT in terms of SAC, and AAT have advised that the charges for imported vehicles are essentially the same for each berth.

There is no competition for the vehicle trade at either Fisherman Islands or Outer Harbour.

Committed Volumes

Understandably terminal end users are generally not in a position where they can commit to minimum volumes of cargo to be handled through AAT terminals

One of the exporters has contracted for a fixed annual fee regardless of the level of export throughput, while another exporter has contracted for a combination of fixed annual fee plus a scale of fees per vehicle which reduces as volumes increase.

However neither of these arrangements result in actual committed volumes, but the CEG Model has been prepared on the basis of the particular arrangements in place.

Other than these commitment referred to above no other terminal end users have provided or agreed to provide minimum committed volumes and as such, AAT is exposed to the risk of actual volumes for the forecast period being less than the forecasts they have adopted. Conversely AAT would obtain the benefit should actual volumes for the forecast period be greater than such forecasts.

Overall Assessment

Based on the above I am of the opinion that the forecast volumes used by AAT in the Model are reasonable and do reflect an improvement in trade following the emergence of Australia from the GFC, but were prepared before the impact of the Thailand floods and therefore do not take into account the drop in imports which has been experienced subsequently.

I accept that the 1% per annum growth assumed in the Model for vehicle throughput and other cargo types at all terminals is reasonable. I also accept that the starting level has taken into account both the recovery in trade experienced from 2010 as the industry returned to long-term trend volumes, and the supply chain difficulties arising from the tsunami/earthquakes in Japan. However the impact of the floods in Thailand in late 2011 occurred after the September Model was prepared and the

continuing effects of these supply interruptions have not been reflected in forecast volumes for 2012.

F6 Level of Capital Reasonably Invested by AAT at each Port Terminal

CEG have adopted the principle of "Value of Unrecovered Investment as at forecast period start date" to be the measure of the level of capital reasonably invested at each Port Terminal in the Model as at the beginning of the first full year for which prices are being calculated.

The actual calculation of the Value of Unrecovered Investment is complex, and involves factors discussed in the First Determination for Fisherman Islands and in the Second Determination for Webb Dock West and will not be repeated here. Key changes to these factors and related assumptions are noted in **Section D1** for Fisherman Islands and **Section D2** for Webb Dock West.

For all terminals, the method of recouping Head Office Capex has changed - see **Section F4**. Accounting depreciation has been excluded from the Head Office allocated expenses, and in its place Head Office Capex is now allocated to the terminals on the basis of proportional revenues applicable to the year of acquisition.

For Outer Harbour, where this is the first occasion on which the terminal has been considered, I note the following after my review:

- 1) AAT maintains a Fixed Asset Register that allocates each asset to the particular port terminal at which it is located. CEG have used these Fixed Asset Registers for each year that AAT has been operating, as the basis for calculating the amount of capital invested by AAT at each terminal.
- 2) The opening figures for 1 July 2004 are based on the written down book values as no other information was available to CEG. Based on the opening figures it would appear that little or no consideration was actually paid by AAT to Flinders Port for the existing improvements when the sub-lease was entered into in May 2004.
- 3) Additions to the capital base as shown on the fixed asset register for a particular year are taken as being acquired at the beginning of the next financial year. As such there is no part year apportionment or estimates used.
- 4) The cost of all assets acquired is increased by a flat 4% which is said to represent the cost which would have been incurred by AAT's shareholders in raising capital to use to fund AAT's investment at each terminal.
- 5) The regulatory asset base (**RAB**) for the beginning of each year is calculated as follows:

***Asset Base Beginning of Year =
 Asset Base Beginning of Prior Year
 + Capital Expenditure of Prior Year
 – Return of Capital.***

6) The Return of Capital for the prior year is calculated as follows;

***Return of Capital =
 Revenue – Opex – Return on Capital – Tax.***

For Outer Harbour, each of the inputs to the formulae were considered as follows:

A. Beginning Asset Base

Opening figures for 1 July 2004 are based on the written down book values as no other information was available to CEG.

At Outer Harbour this opening balance was only \$50,000 and as stated above we assume that little or no consideration was paid to Flinders Port for the existing improvements when the sub-lease was entered into in February 2004. As at 1 February 2012, the beginning of the period for which prices are now being set, the RAB for Outer Harbour is \$2.74 million and I therefore consider that the opening balance of \$50,000 as immaterial and have not sought any further verification of the actual expenditure involved.

B. Capital Expenditure

The CEG Model inputs include the actual amount invested, with adjustments for the cost of raising debt or equity capital, which are not borne directly by AAT, since AAT is funded by its shareholders for all its capital and long-term debt needs.

Capital costs on plant and improvements are recorded in the asset register which has been imported into the CEG Model. The cash outlay is adjusted upwards by calculating the investment return from the date of acquisition until the end of the financial year. This return is calculated at the real cost of capital, which is based on the WACC for the period, discounted by the inflation rate (CPI) for the same period. The resulting adjusted asset costs are aggregated to determine the capital expenditure for the year for each port terminal.

Note that I have required an amendment to the current Model in order to return to the position where Head Office plant or equipment is included only once in the calculation of RAB in the Model – see **Section F4**. The accounting depreciation is then excluded, and Head Office Capex is allocated to the terminals on the basis of proportional revenues applicable to the year of acquisition.

Critical issues considered are as follows:

1. *Whether the Model input assumptions as to the timing and amount of material capital investments are correct.*

Through various audit techniques I have been able to satisfy myself that the assets were appropriately recorded in the fixed asset register for the relevant terminal, at the cost to AAT and in the period in which they were acquired.

2. *Whether arm's length values were paid to shareholders for plant, equipment and capital construction services provided by, or transferred from, shareholders following the closure of terminals and moving of equipment to new terminals*

From my analysis it would appear no material amounts were paid to the shareholders for plant & equipment transferred to the AAT terminal at Outer Harbour, nor to any other terminals in the period since the prior Determinations;

Based on the above I am satisfied that the capital expenditure included in the Model for Outer Harbour is materially correct and allocated to the correct terminal and in the correct period.

C. Inclusion of Capital Raising Costs

As noted in the First Determination, the cost of all assets in the Model were increased by a flat 4% which is said to represent the cost which would have been incurred by AAT's shareholders in raising funds to provide AAT to fund investment in its terminals.

In my First Determination, I accepted that the rate of 4% is a reasonable rate to include, but then noted the 4% should not be applied to capital expenditure out of cash flow. Subsequent versions of the Model have been amended accordingly and the calculations for Outer Harbour have been prepared on this basis.

D. Revenue

The historical revenue used in the Model is the Revenue shown in the management accounts of AAT for that particular year as being attributable to that terminal. On a global basis I have verified that the total revenue allocated to all terminals for each year is equal to the total revenue disclosed in the audited statutory accounts for AAT for that year (where available).

The exception is for Webb Dock West where in my Second Determination I concluded that the revenue should be calculated at the published rates rather than the reduced rates negotiated between one terminal end user and AAT. The adjustments to historic revenue noted in the Second Determination have been taken up in the September 2011 CEG Model. I have advised AAT of minor amendments to correct the calculations in the Model in the interest of completeness and to assist in

auditing the Model in future, but note that the amendments are not material in relation to the current proposed price increases.

Forecast revenue in the Model is arrived at as follows;

Non-regulated services	Price set by AAT * Forecast Volume
Sub-Tenancies	Per Lease documents
Regulated services	By applying the average % increase calculated by the Model * Existing Prices * Forecast Volumes

F7 Consideration of Capital Reasonably Invested

Fisherman Islands

There has been no submission by terminal end users that the whole of the Fisherman Islands site did not represent a reasonable investment for AAT, based on the trade volumes being conducted through the site.

Therefore, I accept that the level of capital reasonably invested for Fisherman Islands as at 1 February 2012 is as set out in the Model.

Webb Dock West

In the Second Determination, I gave reasons why I did not accept the accounting cost of assets as being the proper amount of capital reasonably invested for this terminal. The Model has been adjusted to reflect the reduction in the RAB which I determined necessary. There has been no further capital investment at Webb Dock West since the Second Determination.

I therefore accept that the level of capital reasonably invested for Webb Dock West as at 1 February 2012 is as set out in the Model (which includes the reduction made in the Second Determination).

Outer Harbour

There has been no submission by terminal end users that the whole of the Outer Harbour site did not represent a reasonable investment for AAT, based on the trade volumes being conducted through the site and the particular circumstances in which AAT provides services to Flinders Ports customers and its own direct customers.

Therefore I accept that the level of capital reasonably invested for Outer Harbour as at 1 February 2012 is as set out in the Model.

F8 Regulated versus Non-Regulated Services

The non-regulated services where AAT are able to set prices in isolation to the ACCC Authorisation are as follows:

Stevedore Access Charges (“SAC”)

Sub-tenancy Rental Income

Wharfage (Webb Dock West)

Newly Listed Service Charges

Stevedore Access Charges

Table 1 includes the comparative increase in SAC versus FAC at each of the terminals, before any adjustment to the Model which would impact on the calculation of FAC increases.

In my First Determination, I explained my finding that there is a reasonable basis for differential price increases in SAC and FAC, particularly where the major factors causing the increased charges in the FAC are increases in rent, as the provision of FAC utilises considerably more land area than the SAC. I further observed that independent market forces appear to be working to ensure that the appropriate level of charges for the SAC will be made into the future.

Fisherman Islands

At Fisherman Islands, the largest expense increase has been in the rental payable to POB, and this provides a justification for the FAC to be increased by 5.2% whilst the published increase in the SAC is only 3.0%. I tested the sensitivity of the FAC price increase to the POB rental increase in the September 2011 Model. If the increase in the 2011 rent is limited to a CPI increase only, the Model calculates an FAC increase of 2.8% from 1 February 2012. This is marginally lower than the SAC increase of 3.0% announced by AAT. I am therefore satisfied that the high increase in the POB rental is justification for the FAC exceeding the SAC average increase.

Webb Dock West

At Webb Dock West, the comparable increases are SAC (+2.0%) and FAC (+4.7%). I note that the level of increase in rent assumed as from 1 February 2012 is 6.4%, as compared to the CPI over the period from February 2011 of 3.1%. I therefore accept that there is a reasonable basis for the difference in the increase in SAC as compared to the FAC.

Outer Harbour

At Outer Harbour, the comparable increases are SAC (+3.0%) and FAC (+6.0%). In each case, the price increases are much lower than the movement in the CPI over the period since the prior tariff increase. Comparison of the factors contributing to differential pricing is complicated by the high proportion of revenue being generated from the SAC, and the FAC revenue relying heavily on a fixed component as well as a variable component from the major exporter.

There is no clear input cost reason to have a differential price increase arising from my analysis of operating expenses, although I do note that the Capex at the port is weighted towards the supply of 'facilities', not stevedoring services. In addition, the SAC is charged at the same rate to AAT customers and to Flinders Ports import customers at the adjacent terminal, and as a result, most of the SAC revenue is derived from a facility which is not owned or leased by AAT.

In view of these factors, I accept that there is a reasonable basis for the difference in the increase in SAC as compared to the FAC.

Sub-tenancy Rental Income

The sub-tenants at the Fisherman Islands and Webb Dock West sites are controlled by parties which are 50% shareholders in AAT. I consider it reasonable to assume that the Board of AAT, representing all shareholders, would ensure that market rents were applied to all tenants, particularly given the requirements in the Shareholders' Agreement that AAT deal at arm's length with related parties.

Wharfage (Webb Dock West)

As noted in the Second Determination, the level of charges imposed by AAT for wharfage is based on the charges levied by POMC for berths they own. I therefore accept that this is a reasonable level of charge for AAT to levy.

In **Section I1 of the Second Determination**, I determined that an amendment was required to the Model to remove escalation from the fixed wharfage revenue for Webb Dock West. This amendment has not been appropriately included in the September 2011 Model originally provided to me, but has now been rectified in the subsequent Models provided.

Newly Listed Service Charges

In each case that new services are listed, it is necessary to determine whether the prices are subject to the review process in the ACCC Authorisation. For the reasons set out in **Section C2**, I consider that the newly listed services announced by AAT on 7 October 2011 are FAC and subject to review by the Approved Independent Price Expert. For the reasons set out in Section C2, the determination on these charges will be held pending the outcome of discussions between the relevant parties.

F9 Tax

The Model assesses tax at each terminal on a stand-alone basis. The result is that if the terminal makes a surplus (after allowing depreciation at the rates applicable for taxation purposes) then tax at the corporate rate on that surplus is taken into account.

If the results for a particular terminal in any year are a loss, then that loss for tax purposes is carried forward for future years to be offset against future profits from that terminal only.

I agree with CEG's conclusion that it is not possible to take the actual tax expense incurred by CEG for AAT as a whole in any particular year and attempt to apportion this cost across each terminal. To do this would result in the tax applied to profit making terminals being reduced by the effect of the loss making terminals, and would therefore not result in each terminal being assessed on a stand-alone basis.

F10 AAT's Overall Weighted Average Cost of Capital

In **Section E1** I have considered the WACC and rate of return adopted in the Model by AAT and CEG of 12.10% and that in my opinion this is the appropriate rate to use in the forecasts from 1 February 2012.

This rate is assessed for AAT as a whole, which is what the ACCC Authorisation requires. If each terminal were to be considered in isolation they would in all probability all have different factors, as the risk profile for each terminal is different.

The Model calculates the historic return on capital each year as RAB multiplied by the WACC for that calendar year. The version of the Model used in this Determination to calculate the announced price increases has an interim cash flow period of one month (being January 2012) prior to the start of forecast annual cash flows, which start on 1 February 2012. An error was found in the formula for each terminal relating to the required rate of return for this single month of January 2012. The impact of the error was to increase the RAB by 2.6% at each terminal. I have determined that the Model should be amended to correct this formula. This has been completed by CEG and an updated Model provided.

F11 Interests of Stevedores and Terminal End Users

Stevedores

The arrangements the stevedores have with their customers normally allow them to pass on the full cost of the FAC and other charges which may be imposed by AAT. I note that none of the stevedore companies lodged objections or made any submissions to me in relation to the proposed price increases and I am therefore not in a position to comment on their concerns with such proposed price increases

Terminal End Users

Terminal End-users expressed concern over the general level of prices, over the operation of the Model and AAT's methodology and assumptions, and over newly listed services.

The terminal end users have not raised any other major factors not already addressed in prior Determinations:

G Existing Price for the Supply of Port Terminal Services

The Authorisation requires me as the Expert to consider the reasonableness of the existing price for the supply of the Port Terminal Services.

In complying with this requirement to consider the reasonableness of the existing price for the supply of the Port Terminal Services, I have considered the following:

1. Up until the First Determination, AAT had been operating its business free from any regulatory intervention.
2. As such, prima facie AAT would have been free to set prices at any level in the past that it chose.
3. Since the ACCC Authorisation, the review process has been in place to prevent prices being increased to a level which is not reasonable, unless terminal end-users choose not to object;
4. Commercial in confidence arrangements specifically permitted under the Authorisation are, or have been, in place, and have resulted in rates lower than those published being applied.

H Period of Forecast Modelling

Following my First Determination CEG have accepted my comments that the forecast period of the Model should be extended through to the termination of the lease at each facility.

The period of the forecast for Webb Dock West has been amended to end on 31 December 2017 in accordance with my findings in the Second Determination.

The period of the forecast for Fisherman Islands has been extended as POB and AAT have advised that a new lease is likely to be extended.

The period of the forecast for Outer Harbour ends on 31 January 2015. The terminal is subject to rolling 1 +1 year leases, meaning AAT only has contractual options to renew up to 31 January 2014, (expiring 31 January 2015).

I agree with the periods of the forecast adopted by AAT, and the amendments to the Model made by CEG to the cash flow forecast periods.

I. Overall Determination by Approved Independent Price Expert

I have applied the principles laid out in the ACCC Authorisation and considered each of the issues and concerns raised in the objections which I received from terminal end-users in reaching my determination.

Following this detailed consideration I arranged for data input errors in the Model to be corrected by CEG. I then made my determination as to which data input assumptions and rationale proposed by CEG and AAT in the Model I do not accept and made adjustments accordingly.

11 Determined Amendments to Model

Firstly I emphasise that all amendments to the Model required by my First and Second Determinations have been included in the Model provided by CEG. The further amendments stated below are the new amendments required following this Third Determination.

1. Head Office depreciation expense should be removed from the amended Model, but that the Head Office Capex will continue to be allocated to each terminal. **Section F4.**
2. Minor amendments to remove escalation from the fixed wharfage revenue and historical earnings adjustment for Webb Dock West. **Section F7 D.**
3. The RAB at the commencement of the Jan 2013 forecast period has been recalculated to take account of the correction to the formula used by CEG to calculate the return on capital for the month of January 2102 resulting in a reduction in the RAB at each terminal of 2.6%. **Section F10**

12 *Fisherman Islands*

As a result of the changes to the Model which I have determined should be made the prices that resulted for Fisherman Islands for 2012 were lower than the proposed increases notified by AAT (but not lower than the existing price). The Model calculation results in average increases in price of 3.7% as compared to the average increase of 5.2% as notified by AAT.

Clause 2.4.12 of the Authorisation therefore allows me to set the new prices for the provision of the services and I therefore Determine that the prices from 1 February 2012 for Fisherman Islands be as set out below:

<i>Fisherman Islands Price Increases</i>	Pre - 1 Feb 2012	Post - 1 Feb 2012	
	Actual	Determination at 3.7% average	Proposed by AAT at 5.2% average
FAC vehicles \$ per m3	2.05	2.15	2.15
FAC containers \$ per unit	70.00	72.60	73.65
FAC general cargo \$ per revenue tonne	5.40	5.60	5.70
R & D Containers \$ per unit	49.00	50.80	51.55
R & D General Cargo \$ per revenue tonne	4.20	4.40	4.40
Container Inspection \$ per unit	80.75	83.70	84.95
Container Clean \$ per wash (interior)	43.40	45.00	45.65
Vehicle inspection \$ per unit	95.25	98.80	100.20
Vehicle clean \$ per unit (passenger)	83.45	86.50	87.80

13 *Webb Dock West*

As a result of the changes to the September Model which I have determined should be made the prices that resulted for Webb Dock West for 2012 were lower than the proposed increases notified by AAT (but not lower than the existing price). The Model calculation results in average increases in price of 1.6% as compared to the average increase of 4.7% as notified by AAT.

Clause 2.4.12 of the Authorisation therefore allows me to set the new prices for the provision of the services and I therefore Determine that the prices from 1 February 2012 for Webb Dock West be as set out below:

<i>Webb Dock West Price Increases</i>	Pre - 1 Feb 2012	Post - 1 Feb 2012	
	Actual	Determination at 1.6% average	Proposed by AAT at 4.7% average
FAC Export vehicles \$ per unit	29.45	29.95	30.85
FAC Import vehicles \$ per unit	24.00	24.40	25.15
FAC general cargo \$ per revenue tonne	4.15	4.25	4.35

14 Outer Harbour

As a result of the changes to the Model which I have determined should be made the prices that resulted for Outer Harbour for 2012 were higher than the prices proposed by AAT as set out below. Clause 2.4.12 of the Authorisation provides that the new price to be set by the Expert cannot be higher than the existing price plus the proposed increase notified by AAT.

I therefore determine that the proposed price increases for Outer Harbour as notified by AAT to be effective as of 1 February 2012 are reasonable and justified and should take effect from the date notified by AAT.

Outer Harbour Price Increases	Pre - 1 Feb 2012	Post- 1 Feb 2012
	Actual	AAT Proposed & Determination at 6.0%
FAC wheeled vehicles \$ per m3	1.35	1.45
FAC general cargo \$ per revenue tonne	2.50	2.65

The increases set out above take effect as of 1 February 2012, being the date notified by AAT on 7 October 2011.

ANNEXURES

<i>ANNEXURE</i>	AAT Notification of Tariff Review dated 7 October 2011
Annexure A	Fisherman Islands Cargo Terminal Price Increase Schedule
Annexure B	Webb Dock West Cargo Terminal Price Increase Schedule
Annexure C	Outer Harbour Cargo Terminal Price Increase Schedule



Australian Amalgamated Terminals

Unit 11/3 Westside Ave
Port Melbourne, Victoria
Ph: 03 8698 6900
Fax: 03 9681 7014

7th October 2011

Dear

Tariff Reviews

Further to the Authorisation granted to AAT by the Australian Competition and Consumer Commission on 3 December 2009 and in particular the pricing conditions of the Authorisation, attached are the proposed maximum tariffs that will apply to our terminals at Fisherman Islands in Brisbane, Webb Dock West in Melbourne and Port Adelaide in SA effective from 1st February 2012. A copy of the ACCC's authorisation decision can be found on our website www.aat.auz.biz

Due to the regulated environment in which AAT operates, our tariff levels are consistent with the conditions of the ACCC authorisation. The pricing model developed as a consequence of the authorisation calculates tariffs that allow AAT to earn a fair rate of return on the considerable capital investment made at our respective terminals and takes into account cargo throughput and activity, operating costs and overheads. Tariff increases are subject to review by the Independent Price Expert, and have been reviewed previously in Fisherman Islands and Port Kembla in 2010 and Webb Dock West in 2011. The proposed maximum tariffs take into account the findings of the Independent Price Expert from these reviews.

At Fisherman Islands prices have remained constant since August 2010. The pricing model has calculated an average increase in regulated tariffs of 5.2%, which has been applied.

At Webb Dock West prices have remained constant since February 2011. The pricing model has calculated an average increase in regulated tariffs of 4.7% which has been applied.

At Port Adelaide prices have remained constant since April 2008. Whilst the pricing model has calculated an increase in excess of 300%, the average increase to be applied to regulated tariffs is 6%.

In Port Kembla a review was undertaken, and due to strong volume growth no increase to regulated tariffs will take place. As it is expected that AAT will no longer operate in Bell Bay, Tasmania from February 2012 this terminal has been excluded from this process.

At both Port Kembla, Fisherman Islands and Webb Dock West a new tariff will apply for the access of third party mobile cranes to both sites to reflect the investment made in these sites by AAT, as well as and importantly the safety regime that AAT has to apply to all of its operations at its terminals.



Australian Amalgamated Terminals

Unit 11/3 Westside Ave
Port Melbourne, Victoria
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Schedules containing the maximum amount of each proposed tariff increase at Fisherman Islands, Webb Dock West and Port Adelaide as well as tariffs for these terminals and Port Kembla are available on our website www.aat.auz.biz. Should you require these schedules to be posted to you please do not hesitate to contact me.

Tariff reviews for all terminals will occur on an annual basis; with price increases due in February 2013 should they be necessary.

In accordance with the conditions of the Authorisation, AAT has appointed with the approval of the ACCC an Independent Price Expert, Pitcher Partners. Should a terminal end-user wish to object to an increase in the attached tariffs (except the stevedoring access fee - SAC), this needs to be lodged with both AAT and the Independent Price Expert within 15 business days. Any objection with the reasons for the objection should be addressed to AAT at our Port Melbourne office to my attention or via email to craig.faulkner@aat.auz.biz, as well as Pitcher Partners, Level 22 MLC Centre, 19 Martin Place, Sydney NSW 2000, attention Deborah Cartwright or via email dcartwright@pitcher-nsw.com.au.

Yours Faithfully,

Craig Faulkner
Chief Executive Officer



Australian Amalgamated Terminals Pty. Limited

Fisherman Islands Cargo Terminal

Berths 1 to 3

Port of Brisbane

Tariff Schedule

Effective Date – 1st February 2012

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All rates contained herein are exclusive of Goods and Services Tax.

The following tariff schedule is applicable at operations carried out at Fisherman Islands Cargo Terminal operated by Australian Amalgamated Terminals Pty Limited. The schedule will be reviewed annually.



Schedule 1 **Facility Access Charge (Charged to Stevedore for account of consignee)**

COMMODITY	AUD
General Cargo	5.70 per revenue tonne
ISO Containers	73.65 per unit
Wheeled Vehicles	2.15 per m3
Boats to or from water	2.15 per m3
on trailers (loaded or landed)	2.15 per m3
on cradles (loaded or landed)	5.70 per revenue tonne
Heavy Lifts/Project Cargoes; direct delivery to/from road transport under hook	POA
Passenger vessels	POA

The basis of the above rates include three (3) working days receiving for export cargoes and three (3) working days delivery for import cargoes.

Storage charges will apply before and after the allowed receipt / delivery period indicated above unless otherwise agreed.

Schedule 2 **Stevedoring Access Fee (Charged to Stevedore)**

COMMODITY	AUD
General Cargo	3.10 per revenue tonne
ISO Containers	29.75 per unit
Wheeled Vehicles	11.60 per unit
Boats to or from water	Nil
On trailers (loaded or landed)	11.60 per unit
On cradles (loaded or landed)	3.10 per revenue tonne
Heavy Lifts/Project Cargoes; direct delivery to/from road transport under hook	POA



Schedule 3 Receival & Delivery Fee (to stevedore)

COMMODITY	AUD
General Cargo	4.40 per revenue tonne
ISO Containers/Container equivalents	51.55 per unit
Boats to or from water	Nil
On trailers (loaded or landed)	Nil
On cradles (loaded or landed)	4.40 per revenue tonne
Heavy Lifts/Project Cargoes; direct delivery to/from road transport under hook	POA

Schedule 4 Vessel Lay up (Charged to Shipping Line)

In the event of vessel lay-up due to mechanical repairs, for schedule adjustment or for other reasons a fee of AUD 2,925.00 per calendar day or part thereof is payable.

This fee incorporates gate and wharf security, wharf lighting and crew transport to/from ship/terminal gate.

Schedule 5 Wharf Storage (Import) (Charged to consignee)

Storage charges are payable on all cargo left undelivered after three (3) working days including day of availability.

Unless otherwise specified, the following rates will apply:

ITEM	AUD
Containers; per TEU per day	
Day 1 to 3 of storage	59.25
Day 4 to 6 of storage	88.20
After Day 6	144.90
Console fee - per ISO container	45.65



Reefer Services - per ISO container per day	50.50
General Cargo; per revenue tonne	
Day 1 to 3 of storage	4.30
Day 4 to 6 of storage	5.90
Day 7 onwards	7.25
Yard/shed handling fee	POA
New motor vehicles up to 20 cubic metres; per CBU per day	
Day 1 to 3 of storage	21.05
Day 4 onwards	34.30
New motor vehicles in excess of 20 cubic metres; per CBU per day	
Day 1 to 3 of storage	48.10
Day 4 onwards	83.10
Secondhand motor vehicles; per CBU per day	
Day 1 to 3 of storage	48.10
Day 4 onwards	83.10

Credit Terms; payment is required prior to release of cargo.

Schedule 6 Mafi Pack/Unpack (to stevedore)

MAFI Type	AUD
MAFI 1 (single load 20 foot)	Refer applicable FAC, SAC and R&D rates for General Cargo
MAFI 2 (multiple load 20 foot)	Per above
MAFI 3 (single load 40 foot)	Per above
MAFI 4 (multiple load 40 foot)	Per above
MAFI Nest	189.35 per nest
NB: Excludes use of AAT crane if required	



Schedule 7

Quarantine Services

ITEM - Containers	AUD
Inspection*	84.95 per unit
Wash Internal	55.20 per wash
Wash Roof	55.20 per wash
Wash External	53.15 per wash
Container Move	45.65 per move
* includes move to stand and inspection. Additional move charged to move back to stack	

ITEM – Motor Vehicles	AUD
Inspection - Passenger	100.20 per unit
Inspection - Commercial	100.20 per unit
Wash - Passenger	87.80 per unit
Wash – Commercial	175.65 per unit
Internal Clean – Passenger	52.85 per unit
Internal Clean - Commercial	164.40 per unit
Yard Move	47.30 per move
Yard Jump Starts	87.80 per start

Schedule 8

Services

ITEM	AUD
Fresh Water supply	3.95 per kilolitre
Second Hand Motor Vehicles – Handling Fee; to be paid by Beneficial Cargo Interest (consignee) prior to receipt of the vehicle(s).	45.05 per vehicle
Second Hand Motor Vehicles – Security Escort Fee; to be paid by Beneficial Cargo Interest (consignee) prior to receipt of the vehicle(s).	28.95 per vehicle
External Crane Access Fee - FAC for 3 days access charged on entry measurement. Cranes/equipment must be removed from site daily	2.15 per m3
- WHS Supervision/Administration Fee	\$ 150.00 per operating hour
Any other services required	POA

Subject to AAT's Standard Conditions of Contract; copy available from website www.aat.auz.biz



Australian Amalgamated Terminals Pty. Limited

Webb Dock Automotive Terminal

Berth 1

Port of Melbourne

Tariff Schedule

Effective Date – 1st February 2012

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All rates contained herein are exclusive of Goods and Services Tax.

The following tariff schedule is applicable at operations carried out at Webb Dock Automotive Terminal operated by Australian Amalgamated Terminals Pty Limited. The schedule will be reviewed annually.



Schedule 1 Facility Access Charge (Charged to stevedore account consignee)

COMMODITY	AUD
General Cargo	4.35 per m3
Import motor cars	25.15 per unit
Import other vehicles up to 28 m ³	50.85 per unit
Import other vehicles over 28 m ³	101.65 per unit
Export motor cars	30.85 per unit
Export other vehicles up to 28 m ³	61.70 per unit
Export other vehicles over 28 m ³	123.40 per unit

The basis of the above rates include three (3) working days delivery for import cargoes.

Storage charges will apply before and after the allowed receipt / delivery period indicated above unless otherwise agreed.

Schedule 2 Stevedoring Access Fee (Charged to stevedore)

COMMODITY	AUD
General Cargo	2.65 per revenue tonne
Wheeled Vehicles	10.00 per unit



Schedule 3 Vessel Lay-up (Charged to Shipping Line)

In the event of vessel lay-up due to mechanical repairs, for schedule adjustment or for other reasons a fee of AUD 3,065.00 per calendar day or part thereof is payable.

This fee incorporates gate and wharf security, wharf lighting and crew transport to/from ship/terminal gate.

Schedule 4 Wharf Storage (import) (Charged to consignee)

Storage charges are payable on all cargo left undelivered after three (3) working days including day of availability.

Unless otherwise specified, the following rates will apply:

ITEM	AUD
General Cargo; per revenue tonne per day	4.90
New motor vehicles ; per unit per day	29.30

Credit Terms; payment is required prior to release of cargo.



Schedule 5 Services

ITEM	AUD
Fresh Water supply	2.40 per kilo litre
Jump Starting vehicles	24.10 per vehicle
Any other services required	POA
Quarantine Cleaning Services	POA
Wharf Transfers	POA
External Crane Access Fee - FAC for 3 days access charged on entry measurement. Cranes/equipment must be removed from site daily - WHS Supervision/Administration Fee	1.85 per m3 \$ 150.00 per operating hour

Schedule 6 Reveal and Delivery (R&D) Fee (Charged to Stevedore)

ITEM	AUD
General Cargo; per revenue tonne	3.90

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Australian Amalgamated Terminals Pty. Limited

Port Adelaide Automotive Terminal

Berths 3 & 4

Port of Adelaide

Tariff Schedule

Effective Date – 1st February 2012

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All rates contained herein are exclusive of Goods and Services Tax.

The following tariff schedule is applicable at operations carried out at Port Adelaide Automotive Terminal operated by Australian Amalgamated Terminals Pty Limited. The schedule will be reviewed annually.



Schedule 1 Facility Access Charge (Charged to stevedore on account consignee)

COMMODITY	AUD
General Cargo	\$2.65/Revenue Tonne
Wheeled Vehicles	\$1.45/M3
Heavy lifts and project cargo	POA
Passenger vessels	POA

The basis of these rates would include three (3) working days receiving for export cargoes and three (3) working days delivery for import cargoes.

Storage charges will apply before and after the allowed receipt / delivery period indicated above unless otherwise agreed.

Schedule 2 Stevedoring Access Fee (Charged to stevedore)

COMMODITY	AUD
General Cargo	2.60 per revenue tonne
Wheeled Vehicles	8.50 per unit
Heavy Lifts/Project Cargoes;	POA

Schedule 3 Vessel Lay-up

For vessel lay-up, enquiries should be directed to Flinders Ports.



Schedule 4 Wharf Storage (Import) (Charged to consignee)

Storage charges are payable on all cargo left undelivered after three (3) working days including day of availability.

Unless otherwise specified, the following rates will apply:

ITEM	AUD
General Cargo; per revenue tonne	3.70
Motor vehicles ; per unit per day	23.85
Wheeled vehicles above 18 cubic metre; per unit per day	71.70

Credit Terms; payment is required prior to release of cargo.

Schedule 5 Services

ITEM	AUD
Fresh Water supply (Contact Flinders Ports)	N/A
Jump Starting vehicles	\$15.90 per vehicle
Any other services required	POA
Second Hand Motor Vehicles – Handling Fee: To be paid by Beneficial Cargo Interest (consignee) prior to receipt of vehicle(s).	\$40.30 Per Vehicle

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