A·D·S·T·E·A·M M·A·R·I·N·E

Level 22, Plaza 2, 500 Oxford Street, Bondi Junction NSW 2022 Australia
PO Box 644, Bondi Junction NSW 1355 Australia
Tel: 612 9369 9200 • Fax: 612 9369 9288
adsteam.com.au • info@adsteam.com.au

28 December 2001

Professor Allan Fels AO
Chairman
Australian Competition & Consumer Commission
GPO Box 5201
MELBOURNE VIC 3001

Dear Professor Fels

Adsteam Marine Limited ("Adsteam")
Notification of Prices Pursuant to Section 22(2)(a) of the Prices Surveillance Act 1983

I refer to your letter of 24 December 2001 addressed to Mr Clay Frederick, copy of which was emailed to me by Mr David Salisbury that day, and regret that you have considered it necessary to foreshadow the possibility of formal legal proceedings in the fourth paragraph of that letter.

At the outset let me assure you that Adsteam Marine will comply with the requirements of the Prices Surveillance Act in respect of the Notifications of Prices of 13 December 2001 forwarded with Mr Frederick's letter of 14 December 2001 to Ms Arblaster. In the event that the inadvertent omission from each of those Notifications of a formally identified Schedule containing details of the proposed prices and proposed terms and conditions is perceived to be a deficiency in compliance with the Act, the Notification with such a Schedule in each case are attached.

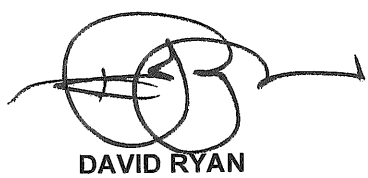
If there are other deficiencies in the Notifications, I would appreciate the earliest advice of what they are and they will receive immediate attention.

In the meantime, I shall arrange for the additional information which you advise the Commission requires to be compiled and forwarded to the Commission as soon as practicable. This will be done in consultation with Ms Rhonda Smith with whom the Commission is aware we have consulted in respect of the notification of the proposed price increases.

In response to the penultimate paragraph of your letter, I advise that we are quite prepared to discuss appropriate timing for completion of the Commission's assessment of our proposed price increases.

A copy of this letter has been emailed to Mr Salisbury.

Yours sincerely



DAVID RYAN
MANAGING DIRECTOR

APPENDIX A FORMAL NOTIFICATION OF PRICES UNDER THE PRICES SURVEILLANCE ACT 1983

PRICES SURVEILLANCE ACT 1983

Notification of prices pursuant to Section 22 (2) (a)

Adsteam Towage Pty. Limited trading as Adsteam Harbour – Adelaide, a wholly owned subsidiary of Adsteam Marine Limited, whose address is 4 Victoria Road, Birkenhead SA 5015 (PO Box 78, Port Adelaide 5015) hereby gives notice that it proposes to supply the services described on the attached schedules at the prices and terms and conditions indicated.

Reason for the Proposed Prices

Adsteam Harbour – Adelaide has incurred cost increases since its last price increase in May, 1992. The proposed prices are necessary:-

- to recover costs
- to maintain a reasonable margin
- to offset the declining volume of ship traffic/tug usage in the port.

Considerations having regard to Section 17(3)

The proposed price increases should help maintain the profitability of Adsteam Harbour – Adelaide at a time when considerable investment has been necessary to maintain the level of towage service that the customers of the port demand.

[DRAFT]

RITCH & SMITH

A DIVISION OF
ADSTEAM TOWAGE PTY LIMITED
ACN 000 045 009

PORT ADELAIDE

TOWAGE RATES EFFECTIVE [XX XXXX 2002]
TONNAGE - GROSS REGISTERED TONNAGE (GRT) AS LISTED IN LLOYD'S REGISTER

All work is undertaken subject to the United Kingdom Standard Conditions of Towage and Other Services (Revised 1974).

RATES PER TUG - ALL TIMES BERTHING - OFF WHARF			
VESSEL GRT	Price excluding GST	10% GST	GST inclusive price
Under 4,000 tonnes	2,260.42	226.04	2,486.46
4,000 and under 8,000	2,524.44	252.44	2,776.88
8,000 and under 12,000	2,918.16	291.82	3,209.98
12,000 and under 16,000	3,187.97	318.80	3,506.77
16,000 and under 20,000	3,458.95	345.90	3,804.85
20,000 and under 25,000	3,722.97	372.30	4,095.27
25,000 and under 30,000	3,914.04	391.40	4,305.44
30,000 and under 35,000	4,183.85	418.38	4,602.23
35,000 and under 40,000	4,453.67	445.37	4,899.04
40,000 and over	4,644.74	464.47	5,109.21

Removals - within inner harbour, within Osborne, within outer harbour
Rates as above

PORT STANVAC
PORT GILES
ARDROSSAN

For the services of tugs proceedings to the ports, attending vessels and returning. Rates listed below represent an hourly charge per tug from time of departure from Port Adelaide until return to berth at Port Adelaide and are in addition to a Service Charge of $1,830.00 (including GST) for each vessel movement.

Rates per hour per tug (all times) = $1,417.00 (including GST).

Minimum charge if tug recalled = $3,357.00 (including GST) per tug.

RITCH & SMITH
PORT ADELAIDE

ORDERS FOR TUGS	Orders for tugs must be lodged at the Company's office at least two hours before the towage service is required and not later than 1530 hours Mondays to Fridays excluding holidays. In the event of late delivery or orders being changed so that it is necessary to alter instructions to tug crews while off duty an amount of $420.35 (including GST) will be charged in addition to all other charges under this Schedule of Towage Rates. At all times orders are received subject to availability of tugs at the time the service is required.
TONNAGE	Towage rates are charged on the basis of the gross registered tonnage of a vessel as recorded in the current volume of Lloyd's Register of Shipping. In the case of a vessel having more than one registered gross tonnage the towage rates applicable for the higher of the gross tonnages listed in Lloyd's Register will be charged.
TOWAGE CONDITIONS	All towages undertaken subject to the United Kingdom Standard Conditions For Towage And Other Services (Revised 1974).
DETENTION	Schedule rates cover the first half hour attendance after which a rate per hour per tug is charged for detention as under: Rate per hour per tug (all times) = $1,064.20 (including GST).
SERVICE ORDERED AND PROVIDED BUT NOT REQUIRED	In the event of a tug being ordered and service provided and/or tendered but not required, two-thirds of the appropriate schedule rate for the service will be charged.
SPECIAL RATES	When a tug is required to perform harbour work not specified herein the charge per hour or part of an hour commencing from the time of starting on such service until return to starting point with a minimum $4,489.57 (including GST) per tug is as follows: Rate per hour per tug (all times) = $1,497.29 (including GST).
TIME	The time at which the service is commenced determines the Towage Rate applicable in all cases except where an hourly rate is charged, when the appropriate rate for each hour will apply.
VESSELS NOT USING THEIR OWN POWER	For the first tug, double the schedule rate.
SPECIAL SERVICES	Special services include all salvage work carried out either within or outside port limits (whether subject to Lloyd's Standard Form of Salvage Agreement or not), fire fighting, use of pumps and any service performed for a vessel that is aground or disabled in any way. All charges for special services will be made according to the value of these services rendered unless subject to arbitration under the terms of Lloyd's Standard Form of Salvage Agreement.
OUTSIDE TOWAGE RATES	Rates for tug hire for work outside harbour limits on application.
TERMS	All rates and charges set out in this schedule are net and payable within 21 days.
OVERDUE ACCOUNTS	All invoices remaining outstanding after 21 days will be subject to a penalty interest charge of 1.5% per month.

RITCH & SMITH

A DIVISION OF
ADSTEAM TOWAGE PTY LIMITED
ACN 000 045 009

PORT ADELAIDE

TOWAGE RATES EFFECTIVE 1 OCTOBER 2000
TONNAGE - GROSS REGISTERED TONNAGE (GRT) AS LISTED IN LLOYD'S REGISTER

All work is undertaken subject to the
United Kingdom Standard Conditions of Towage
and Other Services (Revised 1974).

RATES PER TUG - ALL TIMES BERTHING - OFF WHARF			
VESSEL GRT	**Price excluding GST**	**10% GST**	**GST inclusive price**
Under 4,000 tonnes	1,952.00	195.20	2,147.20
4,000 and under 8,000	2,180.00	218.00	2,398.00
8,000 and under 12,000	2,520.00	252.00	2,772.00
12,000 and under 16,000	2,753.00	275.30	3,028.30
16,000 and under 20,000	2,987.00	298.70	3,285.70
20,000 and under 25,000	3,215.00	321.50	3,536.50
25,000 and under 30,000	3,380.00	338.00	3,718.00
30,000 and under 35,000	3,613.00	361.30	3,974.30
35,000 and under 40,000	3,846.00	384.60	4,230.60
40,000 and over	4,011.00	401.10	4,412.10

Removals - within inner harbour, within Osborne, within outer harbour
Rates as above

PORT STANVAC
PORT GILES
ARDROSSAN

For the services of tugs proceedings to the ports, attending vessels and returning. Rates listed below represent an hourly charge per tug from time of departure from Port Adelaide until return to berth at Port Adelaide and are in addition to a Service Charge of $1,830.00 (including GST) for each vessel movement.

Rates per hour per tug (all times) = $1,417.00 (including GST).

Minimum charge if tug recalled = $3,357.00 (including GST) per tug.

RITCH & SMITH
PORT ADELAIDE

ORDERS FOR TUGS	Orders for tugs must be lodged at the Company's office at least two hours before the towage service is required and not later than 1530 hours Mondays to Fridays excluding holidays. In the event of late delivery or orders being changed so that it is necessary to alter instructions to tug crews while off duty an amount of $363.00 (including GST) will be charged in addition to all other charges under this Schedule of Towage Rates. At all times orders are received subject to availability of tugs at the time the service is required.
TONNAGE	Towage rates are charged on the basis of the gross registered tonnage of a vessel as recorded in the current volume of Lloyd's Register of Shipping. In the case of a vessel having more than one registered gross tonnage the towage rates applicable for the higher of the gross tonnages listed in Lloyd's Register will be charged.
TOWAGE CONDITIONS	All towages undertaken subject to the United Kingdom Standard Conditions For Towage And Other Services (Revised 1974).
DETENTION	Schedule rates cover the first half hour attendance after which a rate per hour per tug is charged for detention as under: Rate per hour per tug (all times) = $919.00 (including GST).
SERVICE ORDERED AND PROVIDED BUT NOT REQUIRED	In the event of a tug being ordered and service provided and/or tendered but not required, two-thirds of the appropriate schedule rate for the service will be charged.
SPECIAL RATES	When a tug is required to perform harbour work not specified herein the charge per hour or part of an hour commencing from the time of starting on such service until return to starting point with a minimum $3,877.00 (including GST) per tug is as follows: Rate per hour per tug (all times) = $1,293.00 (including GST).
TIME	The time at which the service is commenced determines the Towage Rate applicable in all cases except where an hourly rate is charged, when the appropriate rate for each hour will apply.
VESSELS NOT USING THEIR OWN POWER	For the first tug, double the schedule rate.
SPECIAL SERVICES	Special services include all salvage work carried out either within or outside port limits (whether subject to Lloyd's Standard Form of Salvage Agreement or not), fire fighting, use of pumps and any service performed for a vessel that is aground or disabled in any way. All charges for special services will be made according to the value of these services rendered unless subject to arbitration under the terms of Lloyd's Standard Form of Salvage Agreement.
OUTSIDE TOWAGE RATES	Rates for tug hire for work outside harbour limits on application.
TERMS	All rates and charges set out in this schedule are net and payable within 21 days.
OVERDUE ACCOUNTS	All invoices remaining outstanding after 21 days will be subject to a penalty interest charge of 1.5% per month.

ADSTEAM TOWAGE PTY LIMITED

RITCH & SMITH DIVISION

TUG OWNERS

SCHEDULE OF TOWAGE RATES

And

TERMS AND CONDITIONS

PORT ADELAIDE

EFFECTIVE 1 JULY 2000

Telephone: (08) 8449 8466
Facsimile: (08) 8449 1149
Email: info@ritchsmith.adsteam.com.au

4 Victoria Road
Birkenhead 5015