

These comments represent the view of Swire Shipping Ltd, a large provider of multi purpose breakbulk services in and out of Australia. They relate to the “Application for authorisation from AAT”

#### Comments on Executive Summary

AAT was created “...pressures from the users of stevedores’ services...” We would challenge this assertion. We would contend, that having a third party between ourselves as shipowners and our customers, is detrimental to the performance of our task. We would further contend that this is exacerbated by the fact that we as shipowners have no contractual relationship with AAT, and thus little or no control over their operational performance and work methods.

We would also challenge the assertion that AAT is able to achieve “... efficiencies arising by reason of the utilisation of the most efficient or lowest cost terminal facilities...” This certainly does not compute with our findings when we use for example the Gateway terminal in Port Kembla, where charges are of the order of 50% less.

Again we would challenge that where AAT discuss “... the more efficient use of available port land...” How is it then that whilst rental on the land has been subject to increases in line with the CPI, AAT have increased their charges by over 35%?

Again we would challenge the assertion by AAT that “...the availability of one pool of mobile machinery and equipment and shore cranes...” leads to any efficiencies over and above what could be achieved by our contracted stevedores carrying out the same service.

Other comments we would make in relation to the AAT submission concern some of their statements in the body of the document.

P20 para C discusses alternative to AAT’s FI terminal. Most of these are spurious comments;

the container terminals are not suited for breakbulk cargo and have no undercover storage, this eliminates berths 4 through to 10 and also 11 and 12 when completed.;

To proffer one berth as GP2 for the volume of traffic shows a lack of understanding for the business or cavalier disregard for breakbulk users. This berth is expected to take over the remaining bulk cargoes that are being discharged at Hamilton wharf in order to appease the owners of the multi-million dollar apartments.

Port West is only a proposal by PBC, it is not yet fact. Additionally the port is up for private sale and there would be no guarantee that the new owners would continue with this proposal.

Similar comments relate to Pinkenba. To state that one shipper has used the berth for discharge and then make the sweeping assumption that this berth is suitable for volume traffic is disingenuous at best. If one looks at the circumstances of the particular operation of the Onesteel charter, the cargo was steel reinforcing bars for the airport tunnel construction, which is on the North side of the river, as is Pinkenba. The cargo had to be discharged directly to truck as there is insufficient hardstand available. There is also no shed space for undercover storage.

P24 6.1 Discusses FAC and SAC. Nominally these are charges in order for AAT to earn revenue and return on their capital and investment. However, the FAC which is by far the larger portion is charged to the stevedore, who in turn passes this straight through to the shipowner. The smaller SAC is charged to the stevedore who pays it himself. Hence when there are any increases to say rental, then this is proportioned over the two with the larger share ending up on the FAC charge. It is difficult for us as Owners to reconcile this percentage division when the two main stevedores, Patricks and POAGS, have a pecuniary interest in AAT.

P 26 6.4 states that the PBC oversee AAT charges at FI. This may well be true, however AAT charges at FI, for general cargo are higher than at their facilities elsewhere and indeed all of their charges elsewhere are higher than those of other alternatives in the same ports.

On page 30 and 31, AAT assert that they lower barriers to entry for stevedores and other third parties. In our view port companies could provide similar and also allow stevedores to operate at a significantly lower cost.

It would appear to us as Owners that AAT by reason of default has been allowed access which has now become a stranglehold on certain areas of wharf operation in Australia, particularly in the area of breakbulk multi purpose operations and car carriers. This has evolved without any significant public tender or consultation process. AAT now has an insidious grip on the facilities which it will not let go of and in fact would like to expand, delivering no benefits of any kind to shipowners. Stevedores, Patricks and POAGS, by nature of their existing relationship with AAT are ambivalent about this. The division of charges as outlined in SAC and FAC above, mean that owners will always pick up the lions share of these costs and increases.