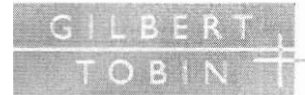


PUBLIC VERSION



**Australian Amalgamated
Terminals Pty Limited (AAT)
submission to Australian
Competition and Consumer
Commission**

Response to ACCC letter dated 24 June
2009

PUBLIC VERSION

15 July 2009

1 Introduction

This submission responds to the questions raised by the Australian Competition and Consumer Commission (**Commission**) by letter to AAT dated 24 June 2009, relating to:

- the provision of the joint venture in respect of which AAT seeks authorisation; and
the term for which authorisation is sought.
-

2 Provision subject to authorisation

Pursuant to s 88 (1) of the *Trade Practices Act 1974 (Cth)* (**TPA**), the Commission is empowered to authorise AAT "to give effect to a provision of a contract, arrangement, or understanding."

AAT seeks authorisation to give effect to provisions of the AAT joint venture arrangement, as set out in its application of 10 June 2009 (**Application**). In its Application, AAT seeks authorisation to:

- (a) give effect to the AAT Joint Venture, including section 2 of the Shareholders Agreement, related provisions and Constitution of AAT; and
- (b) engage in conduct under or pursuant to, and in the fulfilment of, the AAT Joint Venture, on its own behalf and on behalf of parties to the AAT Joint Venture and any future parties to the AAT Joint Venture.

AAT continues to seek authorisation in these terms.

2.1 Description of AAT's terminal services

To assist the Commission, however, AAT provides a more extensive description of its services and operations.

AAT's services and operations, as described below, are provided at terminals, which currently include terminals located at:

- Port Kembla, New South Wales;
Fisherman Islands, Brisbane;
Webb Dock West, Melbourne;
Outer Harbour, Port Adelaide;
Bell Bay, Tasmania,

and any other terminal that AAT develops from time to time (**Terminal Services**). A table outlining the services which AAT currently provides at each of the above terminals is attached at **Appendix 1**. The extent of the services provided at any particular terminal may change depending upon industry demand from time to time.

Terminal Services are offered to customers under the laws, the terms of trade published by AAT from time to time, and in the context of generally accepted business practices of the jurisdiction relevant to the business and operations. The scope of Terminal Services may vary at any particular terminal from time to time, subject to industry demand.

A glossary of acronyms used in this submission is set out below:

- AAT – Australian Amalgamated Terminals Pty Ltd
AQIS – Australian Quarantine Inspection Services
- DoTaRS – Department of Transport and Regional Development
OH & S - Occupational Health and Safety
PCC – Pure Car Carrier
- PCTC – Pure Car & Truck Carrier
MAFI – Internationally recognised name for a low profile cargo trailer
RORO – Roll on Roll off
IT – Information Technology
- Customs – Australian Customs and Border Protection Services
EDI – Electronic Data Interchange
PDI – Pre Delivery and Inspection referring to motor vehicles
GAS – Giant African Snail
QAP – Quarantine Approved Premises for quarantine cleaning

2.2 Facility development and maintenance

The development of infrastructure, fit for the purpose of Terminal Services, is an essential element in the efficient operation of port facilities. AAT develops berths, wharves, cargo lay down areas (including undercover areas), secure perimeters, underground and above ground services and utilities, offices, amenities, internal road systems and minor works which assist the efficiency of cargo handling and the use and maintenance of equipment within a terminal.

In developing facilities, AAT takes into account the following considerations:

- (a) ensuring that all infrastructure is designed and constructed fit for purpose (for all cargo types designated for the terminal) including terminal layout, structural capacity to handle loads and the mechanical pressures that will be placed upon the development over a period of time;
- (b) the surface load which limits segments of its terminals;
- (c) ensuring an acceptable return on capital from the provision of Terminal Services (after recovery of operating costs) is achieved for the providers of capital, taking into account the associated risks of the development;
- (d) a clear division of responsibility for the carrying out of the development required between the port and the terminal operator; and
- (e) the make good, or right of purchase/disposal, at the end of the term of the agreement between the port and terminal operator.

The maintenance of the infrastructure is managed in a similar way and is generally the responsibility of the party (that is, port or terminal operator) that carried out the initial work.

Important considerations for AAT when maintaining facilities include ensuring there is a clear agreement documenting:

- (a) the party responsible for the cost of maintenance;
- (b) the standards of maintenance including periods of time that are applicable to any scheduled activities;
- (c) the insurance responsibilities of parties; and
- (d) the rights of parties in the event of serious loss of infrastructure

2.3 Facility access

AAT provides facility access which is the provision, on the standard terms applicable at the relevant AAT terminal, of access sufficient space within the terminal to place cargo either immediately before it is loaded on a vessel or immediately after it is discharged from a vessel.

The cargo lay down area provided under the terms of facility access has the following features:

- (a) an open air or covered space within the perimeter of the terminal which is safely accessible to the berth for the purpose of stevedoring activities. This area is fit for purpose taking into consideration the weight, volume (calculated from the horizontal and vertical measurements of the cargo) and weather sensitivity of the cargo. In addition, this area accommodates any equipment required for movement of the cargo and is accessible to other cargo interests such as Australian Customs and Border Protection Services (**Customs**) and Australian Quarantine Inspection Services (**AQIS**);
- (b) the area or in some circumstances an alternative area, will also be available for storage of the cargo or parts thereof, for the period within the terms, before storage charges become payable; and
- (c) security protection for the cargo on a 24 hours per day 7 days a week basis and to Department of Transport and Regional Development (**DOTARS**) requirements.

The cargo is removed from the terminal (or loaded to an outbound vessel) after receipt of clearances by AAT from Customs, AQIS, the shipping line and/or stevedore and the production by interested parties of appropriate and applicable authorised documentation.

2.4 Stevedore access

AAT considers applications from potential stevedores wishing to access an AAT terminal. As noted in AAT's submission in support of its Application (**10 June Submission**), any stevedore wishing to do business at an AAT terminal may do so subject to obtaining a stevedoring license with AAT. To obtain a stevedoring license, a stevedore must:

complete an application form available from the website or a terminal;

obtain public liability insurance with coverage and provide AAT with a copy of the policy;

provide copies of Occupational Health and Safety (OH&S) risk assessments of tasks expected to be performed on site;

provide general details of vessels and cargo types the stevedore expects to service to ensure the vessels and cargo can be handled at the terminal; and

provide credit reference details for credit trading approval

Once an applicant meets these conditions, AAT will enter into a stevedoring licence agreement and provide stevedore access, which encompasses the following:

management of the stevedore whilst on-site; and

specific stevedore access for stevedoring vessels within the terms of the stevedore licence agreement.

Managing stevedores on-site entails liaising with them for terminal planning purposes, ensuring they adhere to acceptable practices and arranging equipment requirements and cargo stacking allocation areas for the purposes of facility access services.

Stevedore access also includes the allocation and authorised use of specific equipment (provided by AAT and agreed at a prior time to the vessel arrival and during planning sessions), providing access to amenities and other work spaces and agreeing on berth allocation and the associated traffic plan to ensure safe operation and access to the cargo system applicable to the vessel to be worked.

Stevedore access has the following characteristics:

- (a) a transparent and straight forward application process for a stevedore licence;
- (b) management and administration of stevedores activities on site, as a terminal operator, to ensure the terminal is managed safely, efficiently and within the terms of agreements and statutory obligations in a non discriminatory manner;
- (c) access to terminal resources, both infrastructure and equipment, on 24/7 availability (due to high standard lighting) on established terms by licensed stevedores for the purposes of fulfilling their stevedoring contracts;
- (d) the following equipment is provided and maintained to a safe and operationally reliable standard by AAT to licensed stevedores within the stevedore access service for stevedoring activities:

transit buses (i.e., people mover type road vehicles) - for ferrying multiple stevedoring personnel into the decks of Pure Car Carrier (PCC) or Pure Car & Truck Carrier (PCTC) vessels for the purpose of driving imported vehicles off the vessel being discharged. The reverse journey for export vehicles (i.e., an empty transit vehicle) follows a line of export vehicles being driven into the decks of the vessel to ferry the drivers off the vessel after the export vehicles are parked in the vessel;

fork trucks - for lifting cargo and equipment on the terminal and within the vessel (including towing MAFI¹ trailers on Roll on Roll off (RORO) vessels) during discharge and loading operations carried out by the stevedore;

- wharf tugs (also known as dock trucks or prime movers) and ramp runners for towing MAFI trailers or carrying of cargo off / onto RORO vessels;

utilities - supplied as work vehicles for carrying personnel, equipment and supplies during the stevedore operations; and

trailers - used to carry cargo and equipment on the terminal during the stevedoring operation.

2.5 Information Technology

AAT provides Information Technology (IT) services to customers. As part of its IT offering AAT provides a real time cargo tracking system and communications system such as radio, telephone and related services. The cargo tracking system information is available to port users by remote access if requested and legitimate reasons for access are provided.

The cargo tracking system is available to AAT staff or stevedore personnel on a restricted basis in accordance with authorisation protocols established for system security and customer confidentiality. The system allows for planning prior and subsequent to the ship's arrival at an AAT terminal, cargo management and cargo acquittal by the stevedore on a vessel by vessel basis.

The cargo tracking system has a number of Electronic Data Interchange (EDI) connections for the purpose of receiving and sending controlled messages related to vessels and the relevant cargo.

The cargo tracking system is operated by AAT to record all cargo movements through the terminal in detail. It is run in a real time system at remote terminals and through handheld devices for the efficient recording of all activities affecting the cargo.

Port users (including port authorities, shipping lines and shipping agents) can apply for authorised access to the system for the purpose of reviewing relevant confidential data to enable them to follow the progress of imports and exports. An outline of how the cargo tracking system operates follows:

- (a) a vessel/voyage is notified to the terminal and a data "file" is set up pertaining to the vessel/voyage;
- (b) the cargo manifest for discharge/load for the terminal is received from the vessel operator/agent;
- (c) the cargo manifest is used by AAT to plan for and allocate terminal space, equipment and labour;
- (d) the cargo manifest is used by the applicable stevedore for stevedoring planning in conjunction with AAT's advised area and equipment allocation;

¹ MAFI is an internationally recognised name for a low profile cargo trailer

- (e) the system communicates directly with AQIS and Customs through electronic message transmissions received from both to specific cargo for import and export;
- (f) once the vessel load or discharge is complete the stevedore and the cargo detailed is reconciled. A discharge or load advice is prepared by the stevedore and entered into the system, acquitting the control of the cargo from the stevedore to AAT (for imports) and acquitting the control of the cargo to the vessel operator from AAT (for exports);
- (g) electronic messages managed via a message gateway are transmitted and received from Customs and AQIS releasing cargo for imports when appropriate ;
- (h) after receipt of vessel operator delivery orders together with Customs and AQIS clearance for the cargo, the cargo can be delivered to cargo interests (i.e., consignees of the cargo or their transport providers); and
- (i) on proper authorisation, the system will prepare gate passes for the specific cargo allowing an authorised movement of cargo from the terminal.

2.6 Receival & Delivery

Receival and delivery services include the provision of clerical and manual functions required to receive cargo for export and deliver cargo that has been imported.

The receival and delivery service offered by AAT includes the provision of equipment (forklifts) and labour. In the event the cargo requires a "heavy" lift, a crane hire service is available (see ancillary services). AAT's receival and delivery service does not extend to fastening (or unfastening) the cargo to or from the truck (or other mode of transport).

AAT's receival and delivery service is available 24 hrs a day 7 days a week for vehicles. A similar service (i.e., 24 hours a day 7 days a week) could be made available for other types of cargo if there is demand.

There are four types of cargo that pass through AAT's terminals, namely:

- (a) mobile equipment or wheeled vehicles;
- (b) containers;
- (c) general / break bulk cargo; and
- (d) bulk cargo

All types of cargo require clerical functions for receival or delivery to ensure it is:

correctly identified;

cleared by authorities for receipt or delivery;

authorised by shipping lines for delivery or cargo interests for export; and

that gate passes are authorised and completed for entry or exit from the terminal.

Mobile equipment and wheeled vehicles generally do not require mechanical handling equipment for receival or delivery as they are self-propelled or capable of movement by other means.

Due to their weight and dimensions containers require large forklifts including top lifters and specialised trailers for transport.

Depending on dimensions, some cargo require equipment or the use of specialised machine fittings for lifting (i.e., a forklift or two).

Cargo is generally loaded on a truck, a prime mover and trailer or a prime mover and low loader. On occasion cargo is loaded directly to water (such as a boat) or barge (in the event water transport is required) or train (if rail is available)

2.7 Storage

Storage services in a terminal are provided to cargo interests for periods after the expiry of the term of the facility access service. A significant proportion of the imported cargo is moved and delivered to cargo interests within the time frame provided for in the facility access service.

Occasionally, a dwell time (the time cargo spends in the terminal) is required which extends beyond the facility access service time frame. When this occurs, AAT can provide storage services to customers.

Storage services are provided on a daily basis until the cargo is delivered to the cargo interests. On occasion it may be necessary to close up the terminal space for efficiency, security or traffic plan reasons and therefore carry out yard movements of cargo within the storage period. AAT also provides these storage services for trans-shipment cargo (i.e., cargo not designated for import at the terminal but is discharged, stored and later placed on another vessel for onward movement).

2.8 PDI sub lease

AAT sub-leases part of its terminal to Pre Delivery and Inspection (PDI) providers who provide on-wharf vehicle processing. Generally, the terms of the sublease grant the PDI provider with access to land, buildings (in some cases), underground (and above ground in some cases) services, truck and vehicle movements within the terminal and security for terminal entry and exit.

Similar to stevedores, PDI operators (and their personnel) are required to manage operations at each terminal safely, efficiently, within the terms and conditions of any relevant agreements or statutory obligations and in a non discriminatory manner.

PDI operators working within the terminal are subject to the same systems and procedures for cargo delivery as off-wharf PDI operators or transport operators not located on the terminal.

Generally, vehicles that are handled by PDI operators on the terminal are delivered "direct to dealer from wharf".

2.9 Ancillary services

(a) Crane hire

A crane hire service is offered to licensed stevedores, who have their own suitably licensed crane drivers within the terminals. AAT's crane hire service offers stevedores an alternative to using the vessel's gear (i.e., deck mounted cranes on the vessel).

The AAT cranes are capable of heavy lifts, containers, and general cargo. Cranes are of the mobile type (fitted with rubber tyres) or quay cranes (mounted on rails on the berth).

(b) Crane R&D lifts

AAT offers crane R&D lift service, to cargo interests for the purpose of receipt and delivery of heavy cargo which is too heavy for a forklift. An AAT driver is included as part of this service.

(c) Casual labour

Casual labour services are provided by AAT to assist terminal users (primarily cargo interests). Generally, casual labour is required for smaller, infrequent or ad hoc tasks.

(d) Quarantine Inspection and Cleaning

AQIS approves the importation of goods (and food export), separate to Customs, subject to inspection for any contravention of quarantine requirements. AAT has AQIS permanently on site at Port Kembla and Fisherman Islands and a visiting presence at other locations. All imported goods are quarantined until released by AQIS.²

As part of the quarantine services it provides, AAT is responsible for:

- (i) receiving notification from AQIS that the cargo is ordered in for AQIS inspection;
- (ii) attending the initial inspection with AQIS and providing yard movement for certain cargo (e.g., containers, vehicles and machinery), opening/lifting cargo to enable AQIS to fully inspect the cargo;
- (iii) cleaning the cargo at an AQIS approved cleaning facility in the terminal for further inspection;
- (iv) arranging and attending a second inspection by AQIS after cleaning;
- (v) arranging fumigation services if ordered by AQIS ;
- (vi) collecting and arranging removal of quarantine waste including arranging for the waste to be deep buried; and
- (vii) yard movements back to cargo areas for certain cargo (eg containers, vehicles and machinery), after washing and re-inspection.

AQIS surveillance methods will order certain cargo in for further inspection, and as a result of inspection. Inspection may result in an AQIS order on the cargo for cleaning followed by re-inspection, prior to providing an AQIS release on the cargo.

The most vulnerable cargoes to these requirements are the following:

- (i) Giant African Snail (**GAS**) containers, generally sourced from the Pacific Islands, are quarantined on arrival and the stevedore is required to stack the containers in a specific area and pour rock salt in a continuous perimeter

² Some AQIS clearances are straightforward, for example, clearances of brand new hard goods with no visible sign of contamination, other clearances require close inspection of the cargo, for example, inspections of containers or second hand machinery and vehicles.

around the base of the container stack to await inspection and cleaning (if necessary);

- (ii) timber products and timber packs which require the stevedore to stack in a manner that safe personnel movement is possible around the packs for inspection with no stacking at heights above eye level;
- (iii) second hand vehicles, equipment and machinery; and
- (iv) new vehicles contaminated with seeds or dirt adhering to the vehicle

The inspection by AQIS of any item must be attended by a person representing the cargo interests. This attendant must open, lift, move etc the cargo as required by AQIS to enable AQIS to fully inspect the cargo. The inspection outcome is noted by the attendant (eg, cleared, cleaning required etc).

The order of cargo inspection by AQIS does not necessarily lend itself to cargo interest personnel being on site due to the need to incur idle time waiting for pieces of particular cargo to be inspected.

Once inspection is completed cargo can be relocated within the terminal for delivery if cleared or made available or cleaning if required.

The cargo interest is able to request AAT to provide cleaning services or is able to remove the cargo to other AQIS certified cleaning services (QAP – Quarantine Approved Premises) outside the terminal. Removal to cleaners external to the terminal will generally require a permit from AQIS. On occasion the equipment, vehicle or container needs to be wrapped underneath with tarpaulins and transported on a truck to the other establishment and then returned for further inspection.

After cleaning, the cargo is re-inspected by AQIS and cleared if passed. The cargo is then available for relocation in the terminal for delivery.

(e) Reefer monitoring

Reefers are refrigerated containers that are required to be connected to a three phase power source and monitoring twice daily for correct temperature conditions as specified on cargo documentation. Once reefers are identified on the cargo manifest, yard allocation within the reefer area is planned. Stevedores are responsible for discharging the reefers, moving it into its allocated location, plugging the reefer into the power source and activating the power to the refrigeration unit built into the container.

In providing reefer monitoring services AAT carries out the following tasks:

provides a power source and power to the reefer;

inspects the reefer a twice a day to ensure that the reefer refrigeration unit is operating at its specified temperature (the temperature requirements are established for the cargo within the individual reefer and noted on cargo documentation); and

unplugs imported reefers.

Export containers are handled in a similar fashion although the stevedore is responsible for unplugging the reefer and loading it onto the ship. AAT plugs the reefer into a power source on receipt for export.

(f) Unpacking/packing of MAFI trailers

When a MAFI trailer³ is discharged from a vessel it needs to be unpacked (or packed in the case of the export). The unpacking (or packing in the case of export) is a service provided by AAT. Once complete AAT delivers the cargo on the MAFI to a truck collecting the cargo. The MAFI trailers are then released back to the shipping line for reuse and if requested nested (i.e., stacking multiple trailers on each other) for loading on a designated vessel.

(g) Yard movements

AAT provides yard movement services where cargo needs to be moved within a terminal. This service is provided on an as needs basis within the terms of the relevant terminal.

At times cargo may need to be moved within a terminal for the following reasons:

AQIS inspection;

quarantine cleaning;

closing up the terminal if cargo is not removed within the facility access services term; and

problems associated with the cargo (e.g., if the cargo is unsafe).

(h) Berth hire

Berth hire services are available for short term lay up of vessels. These services are provided on an as needs basis however, working vessels have priority for berth usage if this is an issue.

Lay up of vessels may be necessary where maintenance is required, circumstances where there are statutory or legal orders on the vessel or other delays.

(i) Wharfage

At terminals where AAT owns berthing infrastructure it provides wharfage services (e.g., Webb Dock West). The terms and conditions governing the provision of this service are provided for in the berthing licence for each terminal.

(j) General services

AAT also provides the following general services at each of its terminals:

(i) first aid;

(ii) receipt of customs signals;

³ A MAFI trailer is a low profile heavy duty ship trailer used on RORO vessels. The trailer is capable of taking heavy loads (up to 150 tonne for the heaviest duty MAFI) of general cargo secured by a chain system. The mobility of the trailer allows the general cargo to be loaded to a vessel or unloaded from a vessel by a wharf tug (dock truck or prime mover) or a heavy forklift with a 5th wheel attachment (heavy duty trailer connection mechanism).

- (iii) security services;
- (iv) water supply to vessels;
- (v) manifest data entry;
- (vi) yard planning; and
- (vii) rail access and loading and unloading trains where rail infrastructure is available in the terminal (e.g., Port Kembla.)

3 Authorisation term

AAT seeks authorisation for the term of the joint venture. AAT is a standalone business that was established to lease, develop and manage terminal facilities and related services.

Further, consistent with the documents establishing AAT as a perpetual joint venture, AAT submits that authorisation for the duration of the joint venture is necessary and appropriate to ensure that the public benefits deriving from AAT's operations continue for reasons including the following:

- (i) to underwrite the significant investment that AAT has undertaken – and continues to undertake – to establish, develop and maintain terminal facilities;
- (ii) to provide certainty for the operations of many participants in the supply chain relating to the import and export of general and automotive cargo who rely on the services that AAT provides. This includes the certainty of AAT's continued existence relied on by port corporations and others, and necessary to ensure AAT can continue to compete to provide Terminal Services; and
- (iii) to support the long-term lease commitments that AAT has entered into.

3.1 Investment

AAT has undertaken – and continues to undertake – significant capital investment to establish, develop and operate terminal facilities at ports including Port Kembla, NSW; Fisherman Islands, Brisbane, Queensland; Webb Dock West, Melbourne, Victoria; Outer Harbor, Port of Adelaide, South Australia; Bell Bay, Tasmania.⁴

To date, the amount of capital investment expended in developing and operating AAT's facilities exceeds \$143,000,000. A break down of the investments expended at each of AAT's terminals is set out in **Confidential Annexure A** and covers the following categories of expenses:

- pavements and associated external infrastructure - light to medium paving is required to operate a dedicated automotive terminal to ensure cars are easily run;
- cargo sheds for undercover storage;

⁴ Until October 2008, AAT also operated the Glebe Island Automotive Terminal in Sydney Harbour, New South Wales

wharf areas and berths;

- amenities, garage and offices – at various terminals AAT has put in new amenities such as buildings, offices, security systems (24 hour security), operational lighting and CCTV cameras;

hail net for vehicles;

security buildings and equipment and software;

- IT systems, hardware and software – AAT has established a common IT system for terminals which mean that shipping lines do not have to change IT systems if they were to change stevedores;
- wash bays - approved by the Australian Quarantine and Inspection Service (AQIS). It is an AQIS requirement that second hand imported cars be washed before leaving the terminal. In some cases new cars have to be washed;
- operational equipment (including cranes); and

PDI sheds.

Notably, the arrangements between AAT and Port Kembla Port Corporation require AAT to commit to certain minimum capital expenditure, including at least \$60 million (exclusive of GST) on non-movable improvements in undertaking its works at Port Kembla. In addition, AAT is required to provide mobile harbour cranes and ancillary equipment.⁵

Also, significant ongoing costs are anticipated. As noted in AAT's audited 2008 accounts, it had future lease commitments of \$131,270,414 in 2008 and \$144,365,945 in 2007. Further, as outlined in below, these leases run for periods of up to 40 years. Lease payments increase by CPI over the term of the lease with market rent reviews held by the port authorities generally every two to five years.

Maintenance costs are also ongoing. For example, notwithstanding a significant decline in volumes of cargo imported and exported in 2009, AAT's annual costs to operate are projected to be approximately [Start Confidential] [redacted] [End Confidential], including:

- (a) salaries and wages [Start Confidential] [redacted] [End Confidential];
- (b) property leases and outgoings [Start Confidential] [redacted] [End Confidential];
- (c) repairs and maintenance [Start Confidential] [redacted] [End Confidential];
- (d) security [Start Confidential] [redacted] [End Confidential];
- (e) depreciation [Start Confidential] [redacted] [End Confidential]; and
- (f) other expenses [Start Confidential] [redacted] [End Confidential].

⁵ See Development Agreement between AAT and Port Kembla Port Corporation dated 29 July 2005, clause 8.1 (requiring expenditure to be incurred on or before 1 July 2009 or 12 months after transfer from Port Jackson); clause 8.2 (requirement for AAT to supply cranes and other equipment).

To justify the magnitude of such investments an authorisation is required that reflects the significance of these investments.

3.2 Many participants in the supply chain for import and export of general and automotive cargo rely on the existence of AAT

AAT is one of a range of participants involved in the import and export of automotive and general cargo in Australia. A description of the many participants is set out in Section 4 of AAT's 10 June Submission.

Many of these participants rely on the existence of AAT terminal facilities for the loading and unloading of cargo.

Volumes of trade (motor vehicle and general cargo) handled at AAT's terminal facilities between 2002 and 2008 are attached in **Confidential Annexure B**.

Should AAT be required to seek re-authorisation during the course of its business, this will involve considerable disruption and uncertainty to other participants in the industry, including port corporations, stevedores, shipping lines, motor vehicle manufacturers, motor vehicle importers and PDI operators in addition to Customs and AQIS who are both linked to AAT's IT system Unitrack. See AAT's 10 June Submission, Section 3.2.

Moreover, port corporations require certainty of the continued existence of AAT and its ongoing ability to provide facilities and services. To limit the term of the authorisation would impact their ability to rely on AAT's continued existence, and so negatively impact AAT's ability to compete for future opportunities for the provision of terminal services.

3.3 Long Term Lease Commitments

Moreover, AAT is subject to leases with respect to its terminal facilities of the following duration:

Table 1: AAT's lease commitments

Terminal	Term of lease	Options to renew	End date
Outer Harbour, Adelaide	4 years from 26 August 2005	3 years + 2 years	9 May 2014 if both options to renew exercised
Bell Bay, Tasmania	2 years from 1 February 2008	2 years	1 February 2012 if option to renew exercised
Webb Dock West, Melbourne	10 years from 1 January 1998	10 years	31 December 2017 if option to renew exercised
Fisherman Islands, Brisbane	10 years from 2006	N/A	2016
Port Kembla, New South Wales	20 years from 11 December 2007	10 years + 10 years	13 May 2047 if both options to renew exercised

Appendix 1 – Services currently provided at AAT’s terminals

Port Kembla

Services	Services provided
Facility Access	
Stevedore Access	
AQIS	Yes
MAFI unpacking	Yes
Crane hire and crane lifts	Yes
Storage	Yes
Other	Fuel, Maintenance

Outer Harbour Adelaide

Services	Services provided
Facility Access	
Stevedore Access	
AQIS	Yes
MAFI unpacking	No
Crane hire and crane lifts	No
Storage	Yes
Other	Fuel, Maintenance

Bell Bay, Tasmania

Services	Services provided
Facility Access	Yes
Stevedore Access	Yes
R&D	No
AQIS	No
MAFI unpacking	No
Crane hire and crane lifts	Yes
Storage	Yes
Other	No

Webb Dock West, Melbourne

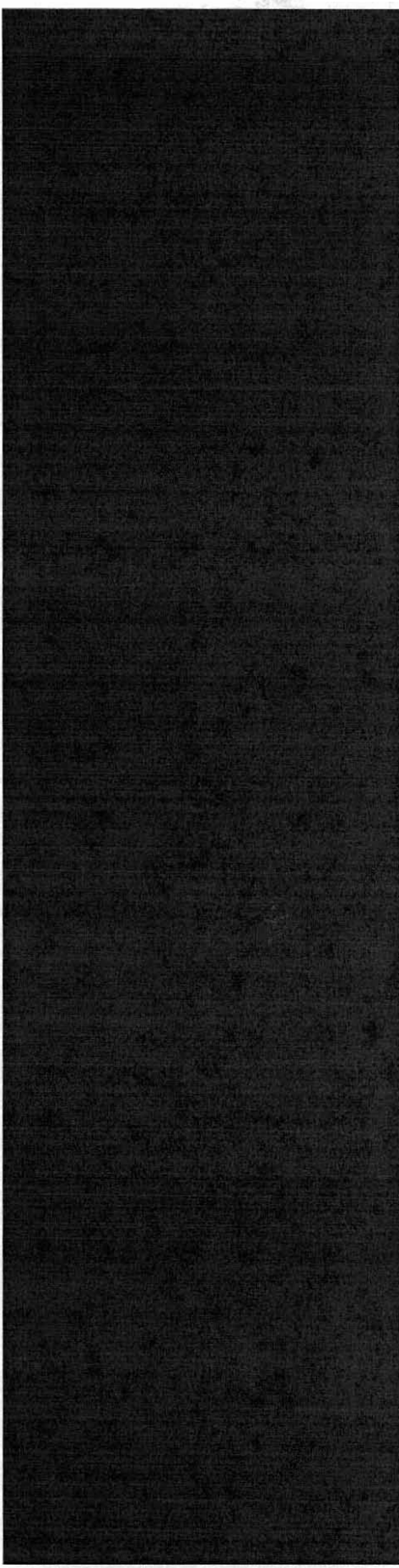
Services	Services provided
Facility Access	
Stevedore Access	
AQIS	Yes
MAFI unpacking	No
Crane hire and crane lifts	No
Storage	Yes
Other	Fuel and maintenance

Fisherman Island, Brisbane

Services	Services provided
Facility Access	Yes
Stevedore Access	Yes
MAFI unpacking	Yes
Crane hire and crane lifts	Yes
Storage	Yes
Other	Fuel, maintenance

Confidential Annexure A – AAT’s capital expenditure

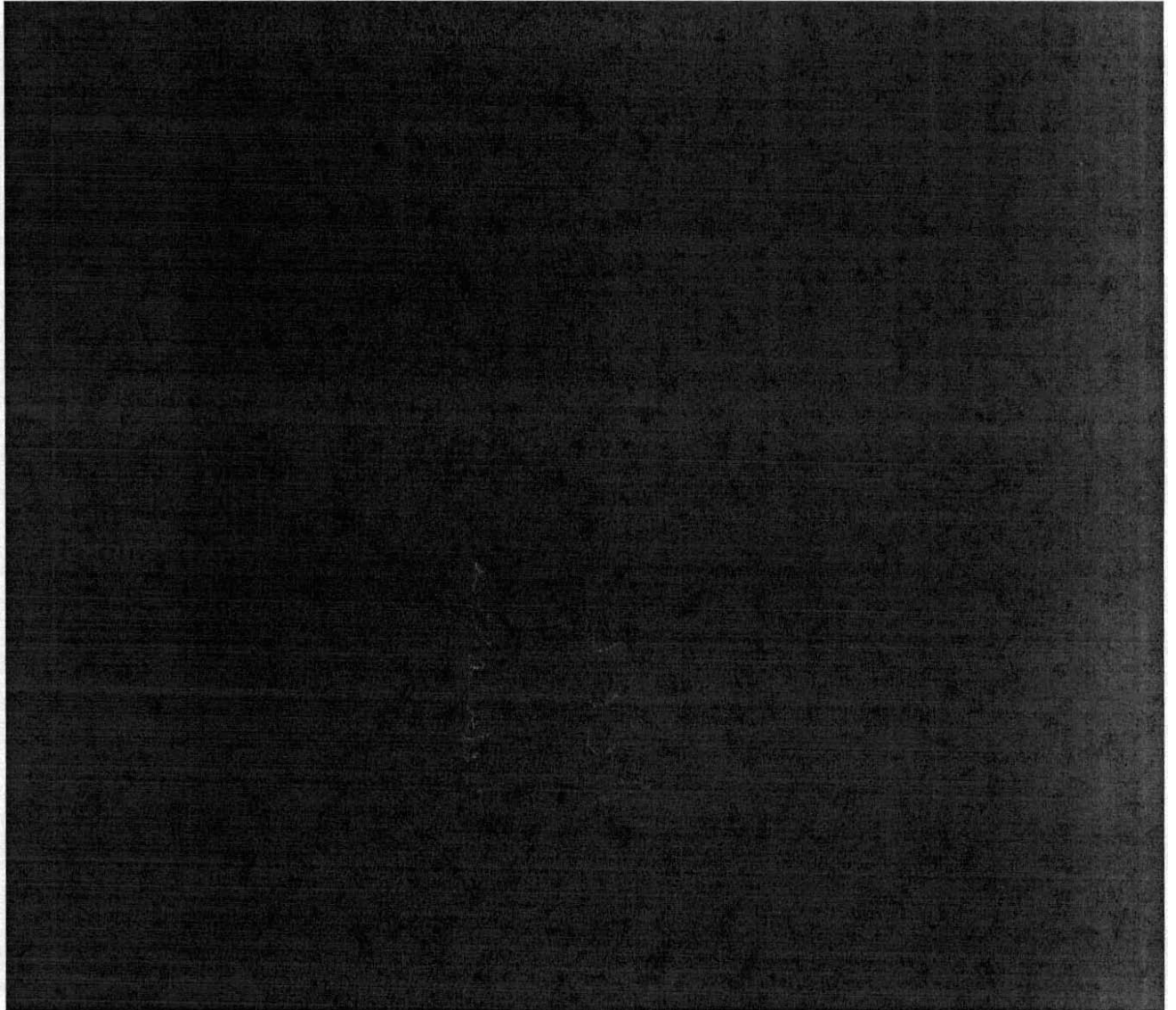
[Start Confidential]



[End Confidential]

Confidential Annexure B - Volumes of trade handled at AAT's terminal facilities

[Start Confidential]



[End Confidential]