



Patrick Bulk and General Ports

Patrick Corporation Limited
ABN 65 008 660 124

Level 6, 15 Blue Street
North Sydney NSW 2060

Telephone: 61 2 8484 8000
Facsimile: 61 2 8484 8153

www.patrick.com.au

FILE No
DOC
MARS/PRISM

Ms Joanne Palisi
Director
Adjudication Branch
ACCC
23 Marcus Clarke Street
CANBERRA ACT 2601

By facsimile: (02) 6243 1199

22 July 2009

Dear Ms Palisi,

**Australian Amalgamated Terminals Pty Ltd – Application for authorisation
A91141 and A91142**

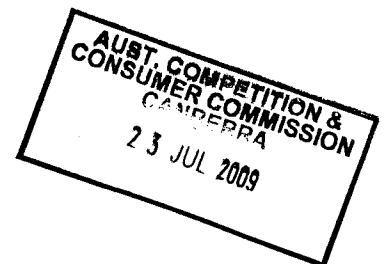
Submission by Patrick Autocare

Thank you for the opportunity to comment on the authorisation application A91141 and A91142 lodged by Australian Amalgamated Terminals Pty Ltd (AAT).

Please find attached the submission by Patrick Autocare in respect of AAT's authorisation application.

Yours sincerely,

Steven Ford
Divisional General Manager
Patrick Auto, Bulk & General Ports



Australian Amalgamated Terminals Pty Ltd- Application for authorisation A91141 and A91142

Submission by Patrick Autocare Pty Limited

Introduction

Patrick Autocare Pty Limited (**PAC**) appreciates the opportunity to comment in the above authorisation sought by Australian Amalgamated Terminals Pty Ltd (**AAT**).

PAC's business is to provide a seamless pre-delivery inspection (**PDI**) service, and storage and transportation services, to motor vehicle importers for the delivery of imported motor vehicles from vessels to dealers (or, in some cases, to the importer's holding yards). Its principal competitor in PDI and storage services is Prixcar Services Pty Limited and its principal customers are the major automotive distributors including Toyota, Nissan, Volkswagen, Holden and Mitsubishi.

As part of this service, PAC carries out pre-delivery inspection and compliance work on imported vehicles, so that they comply with Australian domestic requirements (such as design standards) and are otherwise in a condition suitable for display in a dealer's showroom.

PAC is 80% owned by Asciano Limited, and 20% by NYK Line. .

Summary

PAC supports AAT's authorisation application.

The operation of the AAT terminals as single terminals (compared to the former Patrick and P&O terminals) has enabled increased efficiency to be achieved via greater utilisation of terminal space and by ensuring that PDI services are able to be provided "on-wharf", thereby eliminating the need for additional vehicle movements to off-wharf PDI premises prior to the vehicles being delivered to the importer.

Having a single terminal has also ensured that all PDI operators are able to operate at the same terminal, thereby enabling alignment between berthing locations and the locations of PDI operators.

Also, AAT's long term leases of its terminals have provided far greater certainty for PDI operators in carrying out substantial additional investment in PDI processing facilities at those terminals.

Improved terminal utilisation

Prior to the establishment of AAT, a stevedore was only able to unload cars (and other freight) at its own terminal up to the point at which the land it leased for its facility was fully occupied. However, variations in ship scheduling times meant that there were times when one stevedore operating in a port had fully utilised its land, while another stevedore had capacity.

Since the establishment of AAT's processing facilities, it has generally been possible for a stevedore to discharge vehicles from motor vehicle carriers to the stack on the wharf, where they can be easily accessed by PDI operators, serviced, and then transported to the customer. The area of land occupied by the AAT terminal is sufficiently large that several ships can discharge vehicles at once.

This means that variations in ship scheduling times and in the discharge of cars can be much more readily evened out, and that AAT can deliver the same throughput as two separate terminals whilst using a smaller total amount of land for this purpose. A significantly higher, and therefore more efficient, utilisation rate for the wharf facility can therefore be achieved than would be the case if the land occupied by the AAT terminal were instead occupied by two or more separate terminals.

Improved availability of on-wharf PDI services

Some car importers prefer PDI services to be carried out on the wharf, as this cuts down on the transportation of cars from the wharf to the PDI facility, and therefore the time required to provide PDI services, which reduced costs. Before the formation of AAT, PAC was providing on-wharf PDI services at Darling Harbour in Sydney and at Maritime Wharf in Brisbane, but not at any other terminals.

Prior to the establishment of AAT, however, it was possible that a stevedore would run out of space for storage of cars at their terminal, even though there was still available space at another stevedore's terminal. Also, PAC (and each other PDI provider) had to transfer cars from wharf facilities where it did not have a PDI presence to its PDI facilities at another location (whether on another wharf or elsewhere).

When this occurred, PDI operators also had to truck the cars to inland facilities for servicing. The single point of discharge at the AAT terminals means that this additional step in the PDI process has largely been removed, as there is now usually sufficient space to service all cars on-wharf at the AAT terminals without having to send them inland.

This increased availability of on-wharf processing results in a faster throughput of vehicles for customers, and has thereby made the supply chain for imported vehicles in Australia more efficient.

Improved alignment between berthing locations and the locations of PDI operators

At the time of the establishment of AAT, the various PDI operators were spread out across various locations.

In Sydney, for example, PAC (which had Toyota as a customer) and Car Compounds of Australia (which had Nissan as a customer) had PDI facilities at Darling Harbour. Prix Car's PDI facilities were located at Glebe Island.

In Brisbane, while PAC was located at Patrick's terminal at Maritime Wharf, Prixcar was located some distance away from the terminal facilities down a public road.

There was generally only room for one PDI operator at each of these Sydney and Brisbane terminals.

In Melbourne, Car Compounds had PDI facilities on site at Webb Dock East, but was the only on-site PDI operator due to space constraints. Autocare's PDI facilities were located offsite at Laverton.

Prior to the establishment of AAT, there was no alignment between the berth at which cars would arrive and the PDI operator (if any) located at that berth. This was partly due to a lack of alignment between the shipping lines (with whom P&O and Patrick had stevedoring contracts) and the PDI operators (who had rights to use P&O's and Patrick's terminals, respectively), and partly due to the existence of a consortium between several different shipping lines (K-Line, NYK and Mitsui OSK). The impact of each of these factors was that cars shipped by those shipping lines and destined for a particular PDI operator could arrive at any berth.

Thus, for example, a Nissan might arrive at a Patrick PDI terminal and a Toyota at a terminal serviced by another PDI operator or which did not have a PDI operator located at it at all. In these circumstances, it was then necessary either to transfer these cars by road carriers (in Sydney and Melbourne) between the terminals and the relevant PDI facilities at other locations which added significant additional time and cost for the importer. In Brisbane, cars were driven, unregistered, from Patrick's terminal at Maritime down a public road to Prixcar's PDI facilities.

These movements also imposed a significant burden on the road system between the two terminals, which subsequent consolidations at single terminals removed.

The establishment of AAT has therefore led to efficiency benefits for the importers arising from the fact that any of the six shipping lines used by the car importers can put into an AAT terminal and have access to their particular PDI operator. If the land occupied by each AAT terminal was instead occupied by two or more separate terminals there would still be a need to transfer cars between these terminals, or to an offsite location, for the purpose of providing PDI services prior to delivery to the customer.

Investment certainty for PDI operators

AAT's long term leases of its terminals have provided sufficient stability for PAC to invest in PDI facilities at those various locations. For example, PAC has made substantial investments in on-wharf processing facilities at Brisbane and a further substantial investment in on-wharf transport processing facilities at Port Kembla.

The size of these investments has been supported by the establishment of AAT, as the level of risk associated with these investments would have been higher, under the previous situation, as there was a possibility that with a new tender for land, the stevedore operating facility may have lost the site to another stevedore. The stability of AAT as the provider of a single terminal facility at which such investments can be made, has therefore been an important factor in supporting PAC's investments.