

Port Licence Fee – Background

Information Paper - December 2011

About the Port Licence Fee (PLF)

The Victorian Government introduced the Port Management Amendment (Port of Melbourne Corporation Licence Fee) Bill 2011 into Parliament on 6 December.

The introduction of this Bill (the debate of which has been adjourned until the next parliamentary sitting in early 2012) is in keeping with the media release of 13 July issued by the Minister for Ports, The Hon. Dr Denis Napthine MP, which stated that the previous Government announcement, in 2008, of a Freight Infrastructure Charge would be replaced by a Licence Fee to be applied to Port of Melbourne Corporation (PoMC).

The Bill proposes that PoMC be required to pay an annual Port Licence Fee (PLF) to the Victorian Government at a starting rate of \$75 million in 2012-13 which will increase annually by the Consumer Price Index (CPI) in subsequent years.

PoMC's proposed pricing methodology

As an early indication of PoMC's approach to this matter, PoMC's intention is to increase current tariffs (wharfage, channel fees, and other charges) included in the Reference Tariff Schedule (RTS). These increases will come into effect from 1 July 2012 and will apply across all trade sectors. For channel fees, the increase will be applied to both Melbourne and Geelong users. The only current charges to be excluded will be the Infrastructure Fee (Channel Deepening Project levy) and PoMC land rental charges to existing tenants (as at 1 December 2011).

Impact on tariffs, fees and charges

While PoMC's charges make up a relatively small component of the overall freight cost structure for the entire supply chain, PoMC is conscious that the introduction of the PLF represents a change in the magnitude of costs associated with the operation of the Port of Melbourne.

Thus, as has occurred over recent years with respect to PoMC port charges, PoMC will work diligently to provide an open forum of engagement and discussion with industry with respect to the PLF, and ensure that industry is fully informed and understands the rationale behind PoMC's decision making and pricing methodology on this matter. The PLF quantum paid to the Victorian Government will be stated in PoMC's Annual Report each year.

Information papers

PoMC has prepared a series of six Information Papers across relevant trade sectors to illustrate the potential effect of the PLF on its tariffs and charges. These Information Papers provide a preliminary starting point for industry engagement with respect to the revised fees and charges and are available on PoMC's website at:

www.portofmelbourne.com/shipping/tariffsandcharges.aspx

The papers, dated December 2011, are as follows:

- Containers (International/Coastal/Bass Strait)
- Channel fees
- Automotive and Breakbulk
- Liquid bulk
- Dry bulk
- Cruise shipping

Comments

PoMC invites industry to provide comments on matters raised in the Information Papers and any other issues that have relevance to the introduction of the PLF. PoMC actively encourages your comments in writing by 10 February 2012. Submissions should be addressed to:

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