

Port Licence Fee – Cruise shipping

Information Paper - December 2011

Introduction

This Port Licence Fee Information Paper has been prepared to provide port customers and users with an open and transparent understanding of the fee and PoMC's approach to its implementation with respect to cruise shipping.

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 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. The Bill is expected to become legislation in early 2012 and will impact PoMC's pricing structure from 1 July 2012.

The PLF effectively replaces the Freight Infrastructure Charge announced in 2008 by the previous Government.

PoMC's proposed pricing methodology

To ensure fairness and equity, it is PoMC's intention that the fee will be allocated across the broadest customer base possible and will be applied to all prices and charges levied by PoMC across all trade sectors. This approach is considered the most appropriate given that the exemption of any trade sector would result in higher recovery charges from the remaining trade sectors.

The only current charges to be excluded from this application 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

PoMC is conscious that the introduction of the PLF represents a change in the costs associated with the operation of the Port of Melbourne.

PoMC's aims in relation to the introduction of the PLF are twofold – to recover a fee of \$75 million in the first year and remain a cost competitive cruise passenger port.

A preliminary estimate of the impact of the introduction of the PLF on cruise shipping is as follows:

- Channel fees are estimated to increase from \$0.0262 to \$0.0393 per GT for the shared channel and from \$0.2048 to \$0.3072 per GT for the Melbourne channel. This includes the discount that is expected to remain at 70% of channel usage fees. These estimated increases equate to an additional cost of approximately \$3500 for an average ship with a passenger capacity of up to 950 passengers
- Tariff fees for berth hire are estimated to increase from \$9269 to approximately \$13,900 for the first 24 hours and from \$234 to \$350 per hour thereafter. The potential impact on berth hire is estimated to be an additional cost of approximately \$4633 per cruise vessel for the first 24 hours
- Security costs, water supply, gangway hire, traffic management, waste removal and other charges will also increase.

More information

For more information please contact PoMC at:

Email: rts@portofmelbourne.com

Please note that the prices referenced are estimates only and may be subject to change. This Information Paper relates to cruise shipping and is 1 of 6 in a series prepared by PoMC for port customers regarding the introduction of the PLF.