



NATIONAL BULK
COMMODITIES GROUP INC

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29 June 2007

The Manager
Pricing & Access
Essential Services Commission of SA
Level 8, 50 Pirie Street
Adelaide SA 5000

Attention: Mr Nathan Petrus

Dear Sir

Re: Essential Services Commission of SA 2007 Ports Pricing and Access Review

The National Bulk Commodities Group Inc (NBCG) notes that the Essential Services Commission of SA (ESCOSA) is seeking comment from stakeholders who export or import sea freight through South Australia's seven proclaimed ports. This letter seeks to address the concerns of dry bulk shippers or consignees who use one or more of South Australia's seven proclaimed ports.

The NBCG

The NBCG is the peak national body representing Australia's bulk commodity shippers and consignees. The aim of NBCG is to represent the collective interests of its members on issues connected with the production, transportation, storage, loading/unloading and shipment of Australia's dry bulk commodities.

Importantly, the principal focus of NBCG is the promotion of efficient and quality maritime services that are available to Australian shippers at internationally competitive prices.

In 2005/2006 the national dry bulk commodity transport task is expected to be approximately 650 million tonnes – shipped internationally, domestically or imported.

NBCG members note that in the 12-month period 1 July 2004 to 30 June 2005, 19,773 foreign flag vessels called at Australian ports. Of this total 8,218 were dry bulk carriers and an additional 117 were combination carriers either loading and/or discharging dry bulk cargoes. Consequently 42.15% of all foreign flagged vessel calls at Australian ports were made by dry bulk carriers. To place this figure in context there were only 3,891 foreign flag container vessels calls in Australia over the same period.

A list of current NBCG members is attached.

NBCG comments

The consensus amongst NBCG members is relation to ESCOSA's 2007 review of ports pricing and access is:


- NBCG members support the extension of both the Port Access and Price Regulation regimes. However the NBCG contends that a 5 year regulatory period, rather than a 3 year period would have more value in providing certainty and consistency.

- NBCG members support ESCOSA's role in maintaining its brief to control and oversee the ports. However, we consider the emphasis is focused mainly on commercial issues and, so would like to see more attention given to future planning of infrastructure development needs.
- As the world sea-borne trade is increasing, ships are becoming bigger and the demands on port infrastructure and performance will be critical. Therefore the NBCG would like to see some activity in terms of what future port assets may be needed as a result of growth in export and import cargoes to enable planning to take place now and not after the event.
- NBCG members have a concern about the capacity of South Australia's ports to handle larger ships, which are currently servicing Australia's major east coast ports. The constraints identified in South Australia are: channel and berth trench depth, vessel length and beam restrictions. These constraints are constricting efficiency at Port Adelaide, Wallaroo, Thevenard and Port Pirie. Ideally receivers would like to handle Super Handymax Bulk Carriers (52,000 to 56,000 DWT, LOA 190 to 200 metres, Beam 32.4 metres with a loaded draft between 12.4 and 12.6 metres). ESCOSA will be aware that there is growing community and customer focus on the need for Australia's infrastructure efficiency to keep pace with global trends.
- The NBCG notes that a recent study found South Australian ports to be more expensive than non South Australian ports for dry bulk commodities (the only commodity considered in the response). Therefore those charges which show the greatest price variance, berth hire and wharfage charges should be monitored more closely and analysed more thoroughly to understand port pricing outcomes.
- Whilst the NBCG acknowledges that ESCOSA is striving to obtain efficiency benefits by constraining the misuse of market power and on the direct costs it imposes on the regulated businesses, it is essential that the benefits are shared with and obvious to the consumer/port user (e.g. price, maintenance of assets, port development) and not taken entirely by the regulated business.

Future communication with the NBCG

If ESCOSA thought it would be beneficial to engage in further dialogue with the NBCG, the undersigned would be available to make the NBCG's research available to ESCOSA.

Yours faithfully
For National Bulk Commodities Group Inc



Dale Cole
Executive Chairman

NATIONAL BULK COMMODITIES GROUP INC

List of Members:

AWB Limited

BHPB Freight Pty Ltd

Minerals Council of Australia

Queensland Alumina Limited

Queensland Sugar Limited

Rio Tinto Shipping Pty Limited

The Grain Pool of Western Australia

List of Associate Members:

Central Queensland Port Authority

CSL Australia

Fertilizer Industry Federation Australia

Inchcape Shipping Services Pty Ltd

Inco Ships Pty Limited

Ports Corporation of Queensland

Sanko-Kisen (Australia) Pty Limited

Thomas Miller (Australasia) Pty Limited