



27 July 2022

Ed Willett
Independent Reviewer

Dear Mr Willett,

Re: The PAMA Act and PBLIS Independent Review

Ampol has a lengthy history of discussions and negotiations with Transport for New South Wales (TfNSW) and the Port Authority of New South Wales (PANSW) regarding the Navigation Service Charge (NSC).

We are taking the opportunity of your independent review of the PAMA Act and PBLIS to request changes to the NSC in line with the previous longstanding practice, or at least in-line with the commitments made to Ampol over the last 12 months.

About Ampol

Ampol Limited (ASX:ALD) is an independent Australian company and the nation's leader in transport fuels. Ampol supplies Australia's largest branded petrol and convenience network as well as refining, importing and marketing fuels and lubricants.

In recent years, we have expanded our national and international footprint to develop a reliable and adaptable supply chain extending from a regional hub in Singapore, where we operate our trading and shipping office, to the Australian end-consumer, serving over 80,000 B2B customers in markets such as defence, mining, aviation, and over three million retail customers every week.

Ampol recently acquired New Zealand's leading transport fuels supplier, Z Energy, and subsequently listed on the New Zealand Stock Exchange.

Our robust supply chain is underpinned by our market-leading infrastructure, including 19 terminals, five major pipelines, 89 depots, 1900 retail sites, and one refinery located in Lytton, Queensland. This network is supported by approximately 10,000 people across Australia and overseas.

Ampol's Presence in Port Botany and Kurnell

Ampol has been involved in the import and supply of petroleum products into NSW for over 100 years. Through that time, Ampol has established an expansive network of terminals, depots, pipelines and retail sites throughout the NSW and Greater Sydney Region, developed alongside the growth of the state so that these key transportation fuels are delivered in an efficient and safe manner.

Based on recent reports, Ampol represents approximately 10% of the total vessel visits at Port Botany/Kurnell in any given year.

History of the Navigation Service Charge

Prior to 2017, there was a longstanding practice of not charging a second application of the NSC to vessels that leave and return to port for various factors out of a vessel's control, particularly weather constraints.

In 2017, PANSW approached various stakeholders engaged in operations within the ports to indicate that they would be looking to change their longstanding approach and begin to apply the NSC in all circumstances whereby a vessel looked to enter the ports to berth, including circumstances where the vessel had already called to port and vacated the berth for a variety of reasons. At the time, following efforts from a variety of stakeholders, including shipping agents, this decision was rebuffed and PANSW ceased applying the NSC on multiple entries to the port on the same voyage.

In late 2019, PANSW once again moved to apply multiple NSCs in instances where a vessel may berth within Port Botany, leave the port limits for any number of reasons, and then seek to re-enter the Port to berth again on the same voyage. Ampol (which was then named Caltex) wrote to TfNSW in September 2019 outlining our concerns with the changed approach.

Since that time, an agreement was made to charge only 50% for the second port visit and, in some cases, exemptions for the 50% fee were waived altogether. This agreement followed a letter from PANSW to Ampol's appointed agents on 12 February 2020, in which PANSW threatened to cease the provision of services if the second NSC was not paid. Ampol agreed to the interim solution to avoid substantive impact on our critical supply chain, though we maintain that a secondary application of the NSC is unreasonable due to the fact that no further services are engaged by the PANSW, thus there should be no further fee.

In 2021, Ampol engaged TfNSW and PANSW on the matter again, as part of TfNSW's review of the Regulation. Our efforts to formally remove the second application of the NSC from the Regulation were rebuffed, with TfNSW putting us in touch with the PANSW to organise an informal solution. The wording of this solution is below, and also appeared on the PANSW website at the time:

Exemptions and Price Variations on Navigation Services Charge

Exemption from the second navigation services charge can be requested for vessels that leave Sydney Harbour and, without leaving the territorial sea of Australia or entering another port, enter Port Botany, and vice-versa. This is in accordance with Part 2, Division 1, Clause 6 of the Ports and Maritime Administration Regulation 2012.

A further full exemption from the second navigation service charge may be requested for vessels that meets the following criteria:

- Departs a berth in the port of Sydney Harbour or port of Botany Bay due to prevailing weather conditions that prevents the vessel from safely remaining or transiting to a berth within the Port as determined by the berth operator within the operating parameters previously agreed with Port Authority; and*
- Does not leave the territorial sea of Australia or enter another port; and*
- Returns to the same port within 24 hours of departure or otherwise at the earliest time the vessel can safely return to berth having regard to the requirements and recommendations for safe entry and transiting with the Port contained in the Harbour Master directions and operating parameters of the berth operator previously agreed with the Port Authority.*

Any vessel that re-enters either the port of Sydney Harbour or port of Botany Bay but does not leave the territorial sea of Australia or enter another port will be eligible for a 50% waiver of the second navigation charge.

Requests for consideration to waive either in full or part of the second navigation charge for ships that are re-entering the port including evidence of the prevailing weather conditions should be sent in writing to...

The above was another interim solution to a problem that could have been avoided had the Regulation been remade to reflect the informal agreement. The interim solution was an administrative burden for both Ampol and the PANSW, with individual requests being made via email every time the second NSC was inappropriately applied to a vessel's movements.

At the time, Ampol was told by TfNSW that an upcoming review of the PAMA Act would take place (this current Review) and that the NSC would be reconsidered. Ampol wrote to TfNSW twice since that occasion but never received a reply.

Since then, staff have turned over and the representatives from both Ampol and PANSW have changed, with PANSW now using the official Regulation to make decisions on the application of the NSC, and Ampol is once again being charged inappropriately for a vessel's movements that are out of our control (e.g. the weather).

Ampol is deeply disappointed to see that the NSC has not been featured in the Options Paper and is making this submission in the hope that an independent reviewer will understand why the Regulation must be remade to reflect the agreement made between Ampol and PANSW.

Attached to this submission is the lengthy history of correspondence between Ampol, TfNSW, and PANSW. Within, you will note further evidence as to the NSC's inefficient application that unfairly targets Ampol's vessels.

Should you have any questions on the above or wish to discuss further, I invite you to reach out to Ampol's Head of Government Affairs, Todd Loydell, on 0417 725 494 or via email at tloydel@ampol.com.au.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Honeysett', with a stylized flourish extending to the right.

Tovin Honeysett

Australian Products Trader

Ampol Limited

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