08 March 2010

NOTICE TO CUSTOMERS

Papua New Guinea service announcement equipment handling charge (EHC)

There have been various changes implemented by PNG Ports Corporation in recent months. The most significant of these is the change in working arrangements for the receival and storage of empty containers on the wharf in PNG. In particular for Lae and Port Moresby the shipping companies no longer store their empty containers on he wharf as had been the practice in the past. These containers can now only be delivered to the port to meet a ship during a more defined window. This means all containers being returned to the shipping companies now must be delivered to a third party off wharf deport. This is the common practice in other countries and will benefit the management of cargo through ports, especially given the large project cargo that has been anticipated for the LNG project.

This in effect has forced the shipping companies to secure off dock container facilities to receive, store and handle containers prior to repatriation from PNG. Previously, the shipping companies were not charged by PNGPC and therefore there was no recovery by the shipping companies in pricing models. The cost of off dock facilities in PNG at this time is expensive as suitable rental properties are scarce and prices are at an all time high. All of this means the shipping companies needed to commit a significant investment to provide these facilities and do so on short notice.

In addition for PNG's minor ports where storage of empty containers will remain at the wharf. Significant storage charges will now be incurred by the shipping companies as imposed by PNG Ports Corp.

The cost will be recovered by a surcharge on all import containers. These charges are:

- PGK 350/20' container
- PGK 560/40' container

The Equipment Handling Charge will become effective from the following sailings:

A. Ex New Zealand:

- Tasman Provider v 1007 ETD Tauranga 26/03

The amount of the Equipment Handling Charge will be subject to periodic review.

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