Melbourne International RoRo & Automotive Terminal Pty Ltd
ABN: 43 163 814 364

Webb Dock West
Port Melbourne VIC 3207
www.mirrat.com.au

MIRRAT

30/04/2021

MIRRAT 2021/22 Tariff Review

Dear Terminal User,

We are pleased to advise that as per clause 6, Schedule 1 of MIRRAT's section 87B Undertaking with the Australian Competition and Consumer Commission (ACCC), the published tariff review process for FY 2021/2022 has been completed, the outcomes of which will be implemented effective from the 1st of July 2021.

Our pricing model has been developed in consultation with an independent economist. It considers several market forces including, volume forecasts, operational costs, and overheads to calculate a tariff that allows us to earn a fair and reasonable rate of return on the significant investment made at our Melbourne terminal while providing a sustainable service to the industry.

The last 12 months have presented our business and the industries and trades we support with challenges nobody could have foreseen. This is nowhere more evident than the impact on inbound trade figures.

The pandemic has compounded the trend of declining volumes we have experienced over the past 3 years, inbound trade through our terminal hit an all-time low, declining by 48% through May to September of 2020, and whilst the fulfilment of pent-up demand has helped volumes rebound in late September into Q1 this year our long-term outlook suggests that declining inbound vehicle volumes will continue for the foreseeable future.

MIRRAT's cost base is largely fixed in nature and over the last 12 months, these costs have continued to rise. Key inputs such as rent, rates, land tax, and insurance have all increased while volumes have declined.

Whilst the COVID-19 situation was evolving in April of last year we decided to support our terminal users by holding our SAC tariffs at 2019 levels and seeking only to recover CPI across the remainder of the schedule, this was despite receiving zero relief on our fixed cost burden. We were able to offer this support by absorbing most of the fixed cost increases and delaying planned capital investment, two strategies that are not sustainable in the long term.

Sustained volume degradation means we are unable to offset the rising fixed costs, and while the gap between these two critical variables continues to grow our tariffs must increase to ensure our operations remain sustainable. With this in mind, effective July 1st the Stevedore Access Charge (SAC) will increase by 2%. Facility Access Charge (FAC), Receival and Delivery (R&D), and all other services across our published tariff will rise by 5%.

Tariff Increase						
Cargo Type	**FAC Increase (%)**	**FAC Change**	**SAC Increase (%)**	**SAC Change**	**R&D Increase (%)**	**R&D Change**
Wheeled Vehicles	5.0 %	$ 0.17 per cbm	2.0%	$ 0.27 per unit	N/A	N/A
BBulk/General	5.0%	$ 0.35 per r/t	2.0%	$ 0.08 per r/t	5.0%	$ 0.27 per r/t

The raise in SAC will contribute to recovering increasing equipment costs, as well as help, reimburse unforeseen expenses associated with executing our COVID Safe plan. The Increase to FAC will help to recover a 5% jump in property-related costs, which represent 68% of total costs. While R&D will increase to recoup rising labour costs

A full copy of the tariff schedule containing the purposed increases is available on our website **www.mirrat.com.au** for review.
Tariff reviews will occur on an annual basis with the next review due May 1st, 2022.

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MIRRAT has appointed Economic Insights Pty Ltd as our Independent Price Expert (IPE).

Any objections with reasoning should be submitted to MIRRAT via email **nathan.ullrich@mirrat.com.au** and Economic Insights Pty Ltd **john@economicinsights.com.au** no later than the 18th of May 2021. The IPE will then assess the proposed tariff increases.

Further information regarding our Price Dispute Resolution process can be found on our website.

Regards,

Nathan Ullrich
General Manager