

2008 Revised Draft Location Differential

Transport, Storage & Handling Committee

2008 Revised Draft Location Differentials

- Opening remarks
- Process of review
- Survey graph
- Overlaid new graph
- NTP's

Review Process

- Called for submissions 27 Feb 2008
- Widespread industry feedback that LDs too low and that relationship between LDs and costs of freight execution had become distorted
- Commerce Committee supported this view
- TS&H Committee agreed that LDs needed to be increased to be more reflective of transporting grain and undertook to conduct a complete review of LD's
- It was agreed LDs would not be set for WA as there are still industry tariff rates through the Grower Freight Deductions

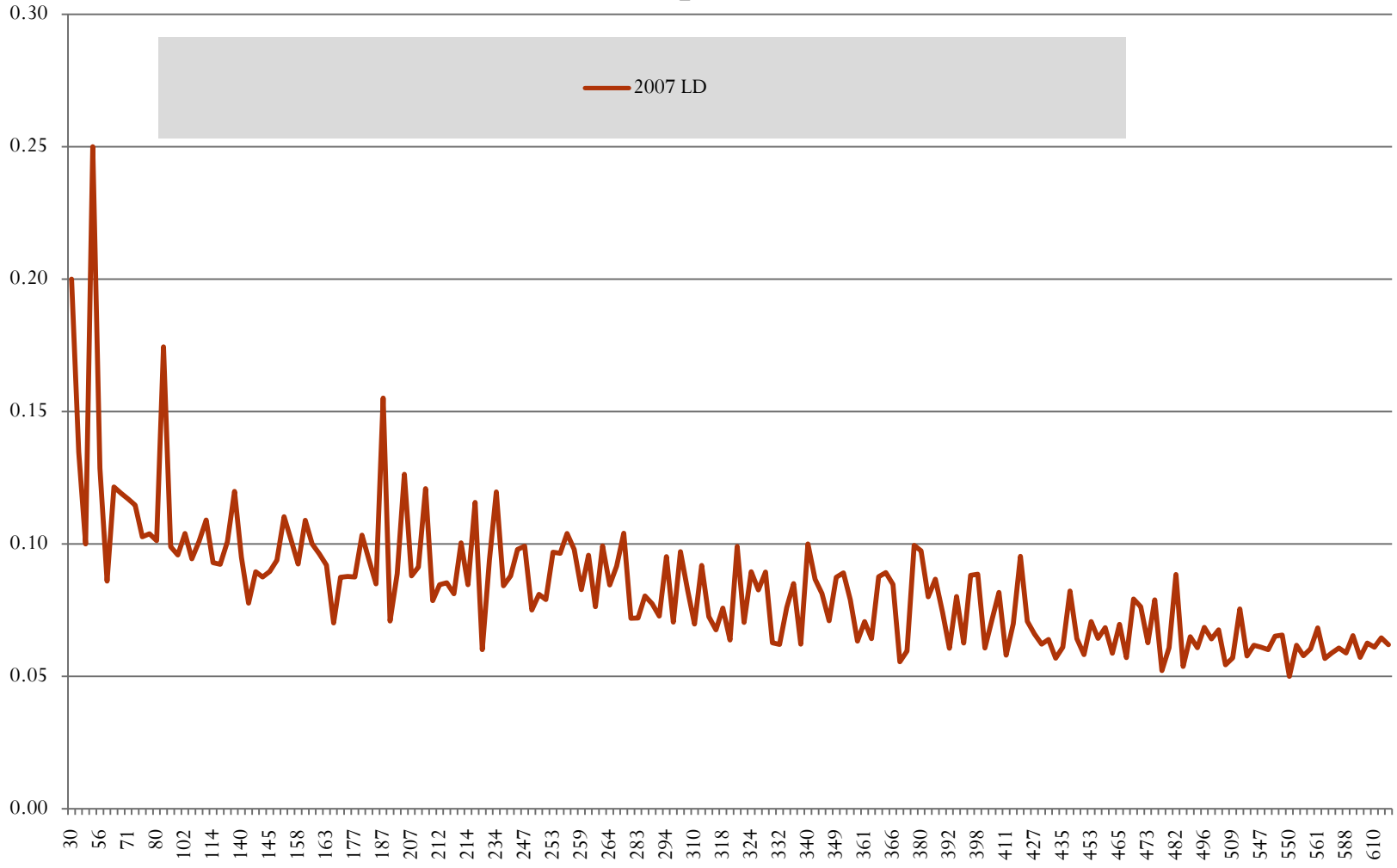
Methodology

- The Committee wanted a methodology that;
 - Objective
 - Transparent
 - Easily followed by industry
 - Simplicity; capable of being managed by the Committee
- Alternatives considered
 - Method 1: Blanket percentage increase to 2007 LDs
 - Method 2: Engage consultant to assess rail road system to construct an efficiency based methodology that may vary region by region
 - Method 3: Simplify the LD methodology to road distance based formula
 - A) use a static cents/km/tonne rate
 - B) use a variable cents/km/tonne rate
- Committee agreed to use Method 3
 - as is simple, transparent and easy to follow
 - it would remove inherent anomalies that have evolved through the current LDs
 - Easily managed by the Committee going forward

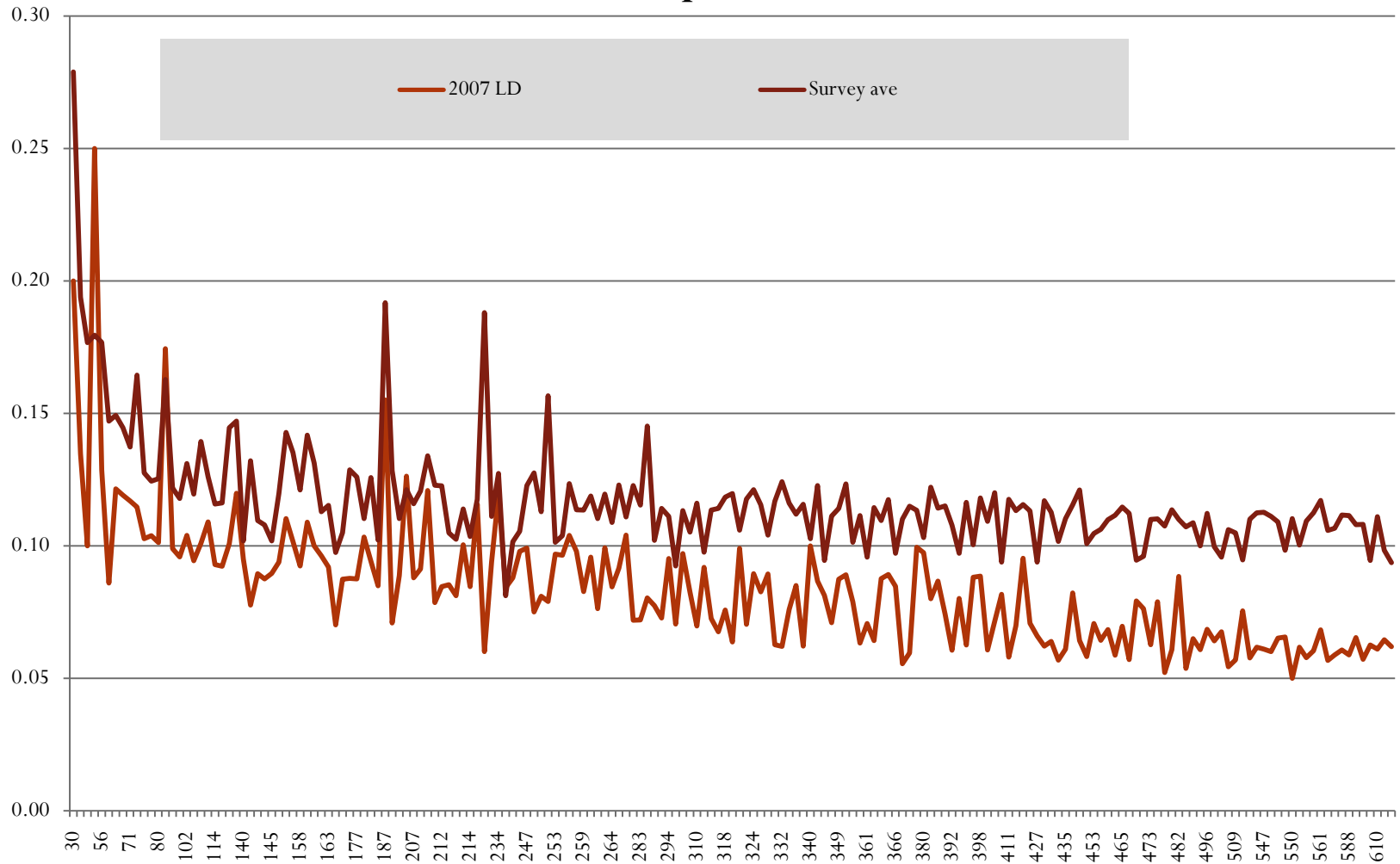
Survey

- To determine the rate per km the Committee members were survey over 180 sites over Qld, NSW, Vic & SA to assess commercial rates
- Members of the Committee close to commercial freight market

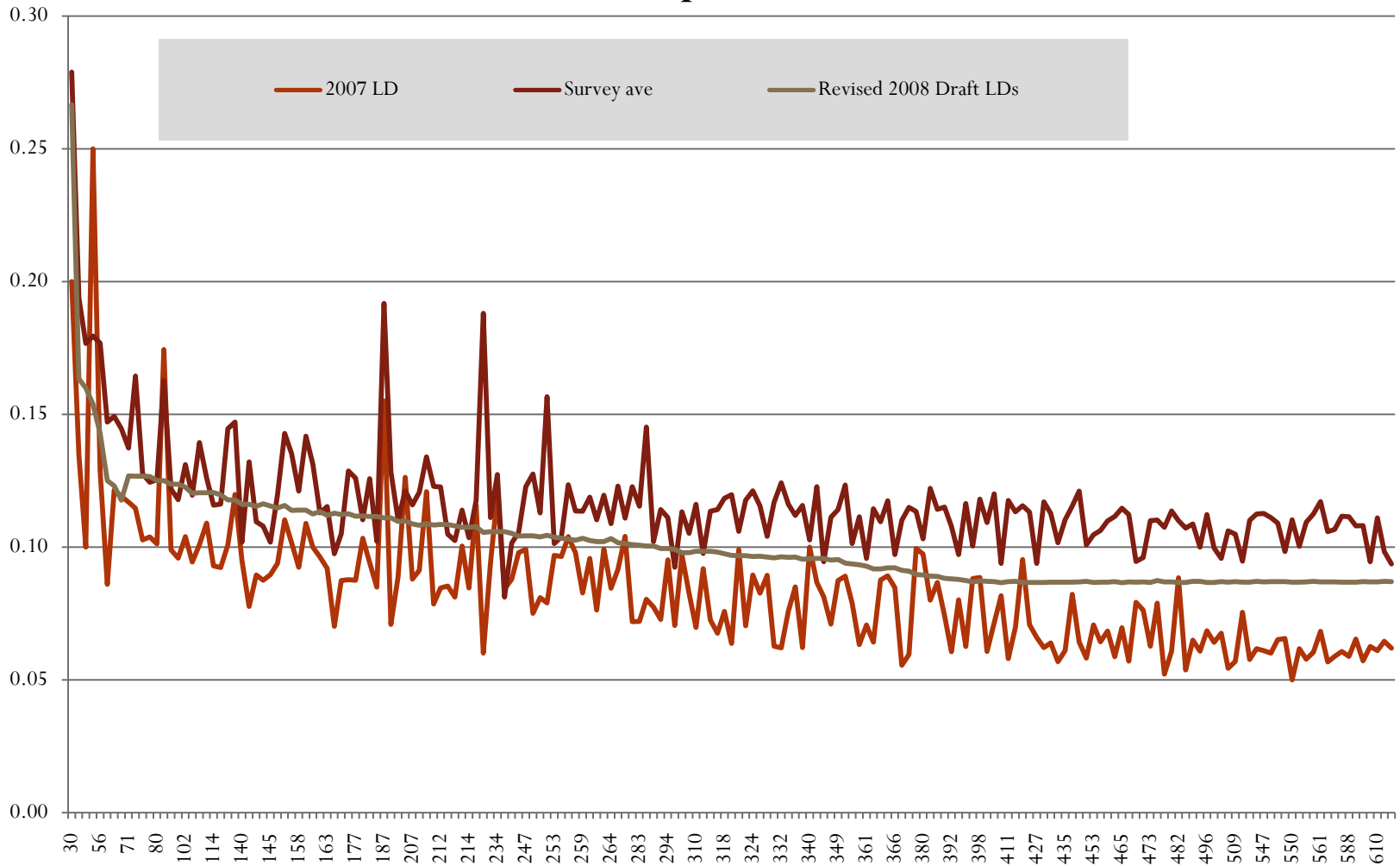
Cts per km



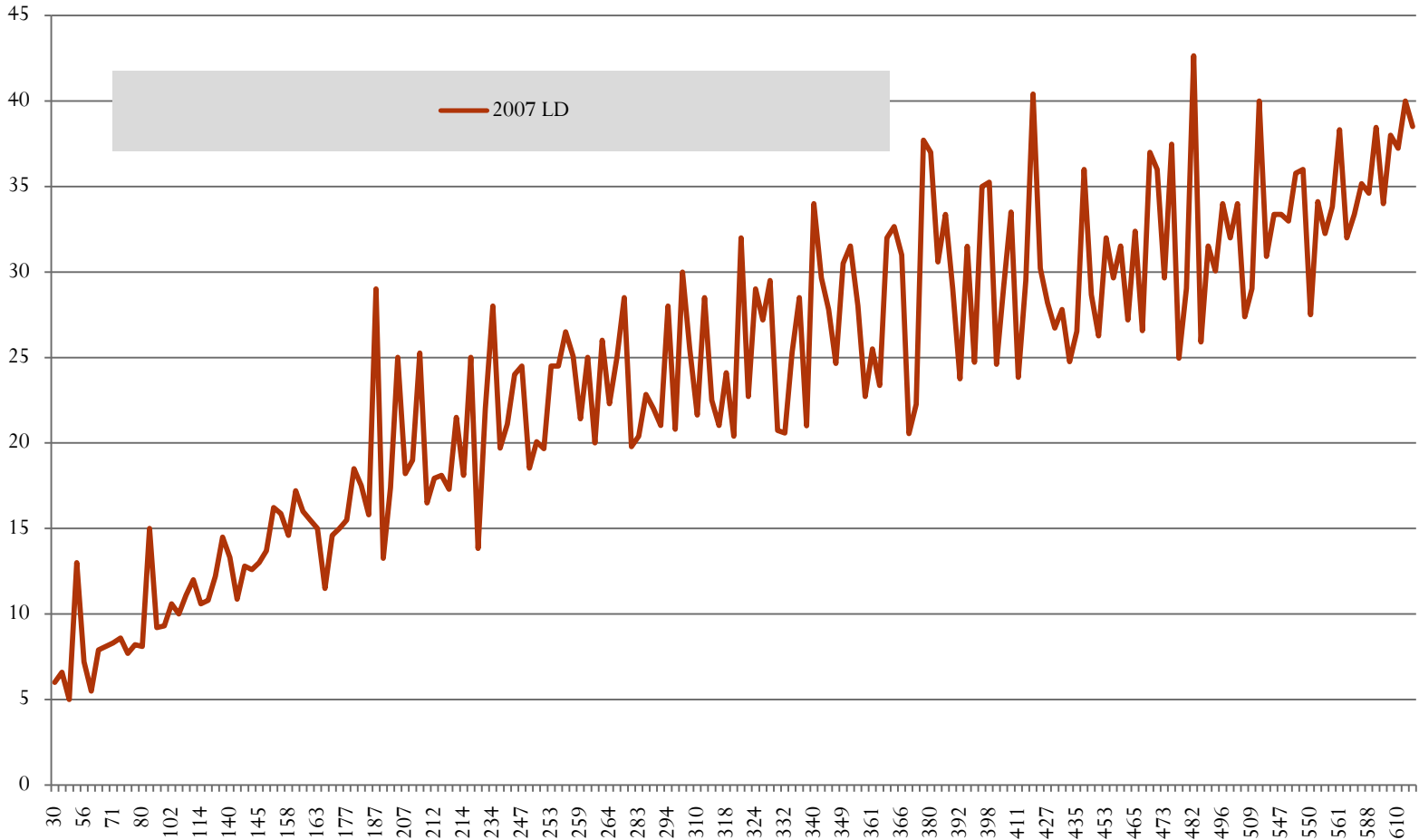
Cts per km



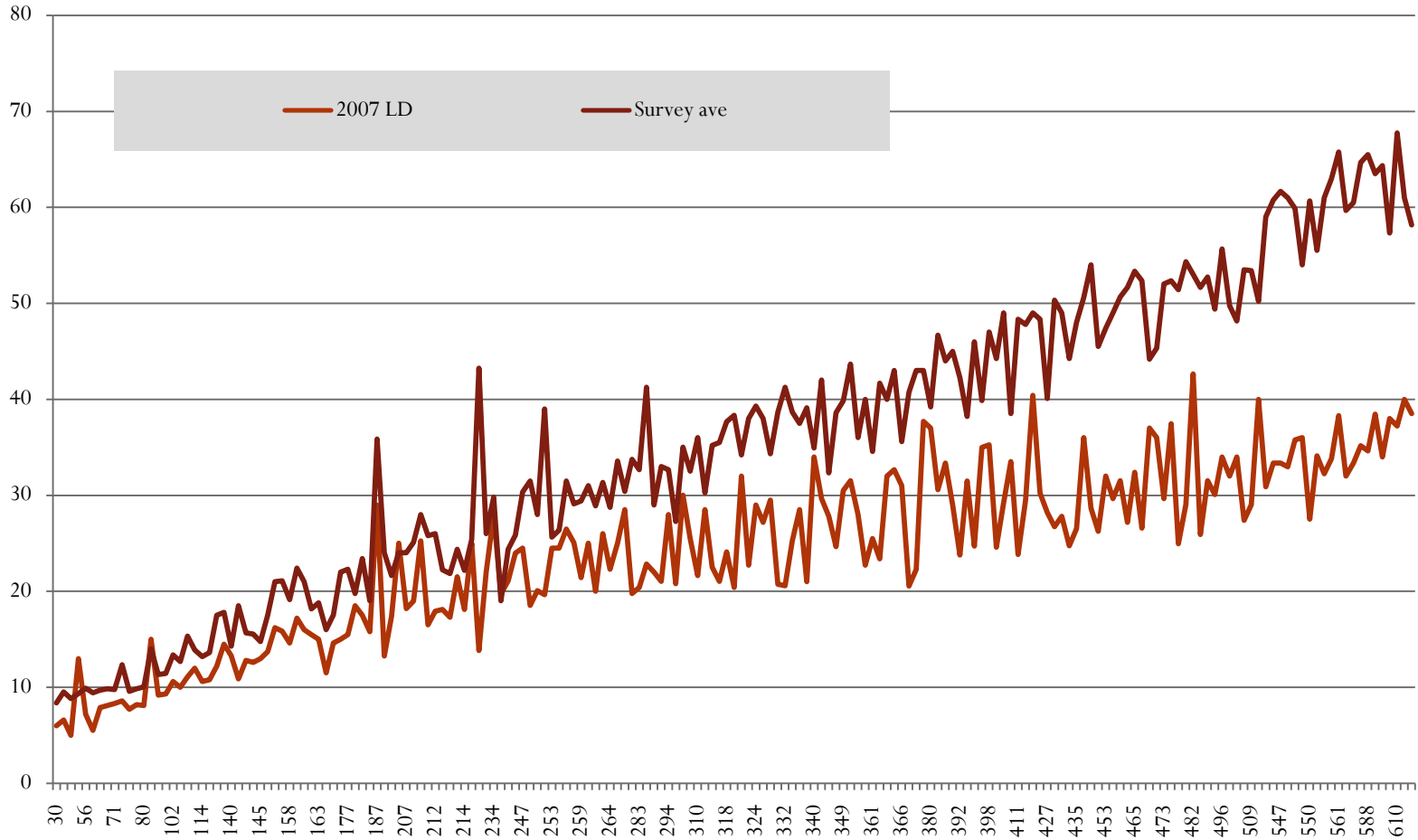
Cts per km



\$ per tonne



\$ per tonne



\$ per tonne

