



SeaRoad Holdings

SeaRoad Holdings Pty Ltd
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19 March, 2012

«Company»
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Att : «Contact_Name»

«Cc_»

Dear «First_Name»

Government charges to impact Bass Strait transport costs

We regret to advise that recent government policies have resulted in both the Federal and Victorian State Governments announcing initiatives that will increase the cost of providing Bass Strait shipping services.

Briefly, the increases arise from:

- The Federal Government's carbon tax which will become effective 1 July 2012 and is applicable to the fuel consumed by SeaRoad's ships.
- The Victorian Government's legislation to levy on the Port of Melbourne Corporation (PoMC) an annual Port Licence fee (PLF) which the PoMC intends to recover by increasing current tariffs (wharfage, channel fees and other charges) with effect from 1 July 2012.

While the cost and mechanics of the carbon tax have been advised by the Federal Government, the impact of the tax on the price of heavy fuel oil is yet to be understood. Furthermore, the PoMC has still to confirm the manner in which the PLF will be recovered. SeaRoad has made representations to the PoMC both individually and through its industry organisation that the PLF is not in the best interests of the Bass Strait trade. The PoMC is unlikely to announce the full detail of its recovery of the PLF before May 2012.

These increases will affect both our Shipping and Logistics businesses.

The purpose of this letter is to advise you that the magnitude of the increases will mean that we are unable to absorb these costs and will need to recover them from our customers.

These new cost imposts apply from July 2012 and will be in addition to normal rate reviews.

We trust you will appreciate our situation and we will communicate further with you as more specific details of the charges emerge. In the meantime we encourage you to make your own representations to your Local Members of Parliament regarding the PLF.

Yours faithfully

James Bryant
Managing Director