Prices Regulation Act (Chapter 320)

STEVEDORING AND HANDLING SERVICES PRICES ORDER 2024

MADE by the Independent Consumer and Competition Commission ("Commission") under Section 21 of the Prices Regulation Act (Chapter 320), to come into operation on and from 1st January, 2024.

FORMULA AND CONDITIONS FOR PRICE APPROVAL

Adjustment to the Maximum Average Prices

The Commission will adjust the Maximum Average Prices (MAP) for stevedoring and handling services provided by Motukea International Terminal Limited ("MITL") and South Pacific International Container Terminal Limited ("SPICTL") with effect from 1st January each year, commencing in 2024, using the adjustment formula set out below:

\[
\text{MAP}_{\text{Year}} = \text{MAP}_{\text{Year}-1} \times \text{X Factor} \times \% \text{ CPI change} = \text{Overcharge recovery Factor}
\]

Where:

- \( \text{MAP}_{\text{Year}} \) = the map for the new year.
- \( \text{MAP}_{\text{Year}-1} \) = the MAP for the previous year.
- \( \text{X factor} \) = as defined for MITL or SPICTL.
- \( \% \text{ CPI Change} \) = the percentage change in the PNG Consumer Price Index, from September \( y-1 \) to September \( y \).
- \( \text{Overcharge recovery factor} \) = Average Revenue per TEU in Year-1 minus the MAP \( y-1 \).

The overcharge factor is only applied if the average revenue per TEU in the previous year exceeded the MAP.

Compliance with the Maximum Average Prices

MITL and SPICTL must submit to the Commission the items that constitute (a), (b), (c) and (d) below:

(a) Regulated Price list — for regulated services, a price list must be provided. If prices have changed at any time during the year, the changes plus the date of the change must be provided.
Stevedoring and Handling Services Prices Order 2024—continued

b) List of charges for unregulated services — this is a list of items being charged without the actual prices being charged. The Commission requires this information to understand what other services are being provided at the wharf, which is regulated asset.

c) Volume, price and revenue calculations for regulated services for MITL and SPICTL must be tabulated. It should be completed with a separate line for every price point used during the year. Note, that if prices have changed for any service during the year, the volume of charges against each price point should be clearly indicated in the submission.

d) Total regulated revenue received for the period. This should be equal to the Total Revenue amount.

The maximum average price (MAP) will be calculated by adding up all regulated revenues and dividing by the volume of TEU.

\[
\text{MAP per TEU} = \frac{\text{Total Regulated Revenue}}{\text{Volume of TEU}}
\]

During the annual price adjustment, MITL and SPICTL must provide their respective information separately to the Commission.

For practical purposes, information should be provided for part years where less than a full year has elapsed at the required deadlines as follows:

<table>
<thead>
<tr>
<th>To adjust prices for the year below:</th>
<th>Data provided should be for the months of:</th>
</tr>
</thead>
<tbody>
<tr>
<td>1st January 2025 to 31st December 2025</td>
<td>1st January 2024 to 31st October 2024</td>
</tr>
<tr>
<td>1st January 2026 to 31st December 2026</td>
<td>1st November 2024 to 31st October 2025</td>
</tr>
<tr>
<td>1st January 2027 to 31st December 2027</td>
<td>1st November 2025 to 31st October 2026</td>
</tr>
<tr>
<td>1st January 2028 to 31st December 2028</td>
<td>1st November 2026 to 31st October 2027</td>
</tr>
</tbody>
</table>

The above information should be submitted to the Commission by 30th November of Year y-1.

SCHEDULE 1

Maximum Average Price for Motukea International Terminal Limited

This Schedule relates to the maximum average price for stevedoring and handling services supplied by MITL. Subject to the above Conditions for Price Approval, MITL's regulated charges for both stevedoring and handling activities must be compliant with the maximum average price as follows:

| Maximum Average Price, 2024 | K308.00 per TEU |

SCHEDULE 2

Maximum Average Price for South Pacific International Container Terminal Limited

This Schedule relates to the maximum average price for stevedoring and handling services supplied by SPICTL. Subject to the above Conditions for Price Approval, SPICTL's regulated charges for both stevedoring and handling activities must be compliant with the maximum average price as follows:

| Maximum Average Price, 2024 | K293.00 per TEU |

The rates are expressed in Kina and are exclusive of Goods and Services Taxes (GST).

Dated this 1st day of December, 2023.

P. AIN,
Commissioner and Chief Executive Officer,
On behalf of the Independent Consumer and Competition Commission.

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