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CONTRACT AGREEMENT NO: CA98/4

TITLE: K&S Smorgons Business Unit Lidcombe Carriers Contract Agreement

I.R.C. NO: 98/3856

DATE APPROVED/COMMENCEMENT: 28 July 1998

TERM: 12 months

**NEW AGREEMENT OR
VARIATION: New**

GAZETTAL REFERENCE:

DATE TERMINATED:

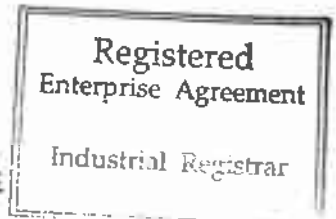
NUMBER OF PAGES: 51

COVERAGE/DESCRIPTION OF

EMPLOYEES: Contract carriers operating from K&S Freighters Pty Ltd premises at Urig Road, Lidcombe 2141

PARTIES: K&S Freighters Pty Ltd trading as K&S Smorgons Business Unit -&- Transport Workers' Union of Australia, New South Wales Branch

K&S SMORGONS BUSINESS UNIT
LIDCOMBE:
CARRIERS CONTRACT AGREEMENT:
1 April 1998:



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1. DEFINITION:

1.1 For the purposes of this Contract Agreement the meaning of the terms below shall prevail.

AWARD means the Transport Industry State Award (NSW) – as varied from time to time.

AGREEMENT means the K&S Smorgons Business Unit Carrier Contract Agreement.

CONTRACT CARRIER OR CARRIER means an incorporated entity that accepts contracts of carriage with K&S Smorgons Business Unit.

K&S means K&S Frieghters Pty Ltd (ACN 004 550 332) trading as K&S Smorgons Business Unit .

LOADING / UNLOADING CRANE means a hydraulically operated crane pursuant to Schedule – G , herein, fitted to a carrier's truck for the purposes of loading and unloading K&S product.

TRUCK means a truck cab – chassis, body and loading/ unloading crane. The total unit must comply with one of the following categories: -

- Category 1... Carrying Capacity – Not less than 8 and less than 10 tonnes.
- Category 2... Carrying Capacity – Not less than 12 and less than 14 tonnes.
- Category 3... Single Axle Drive Prime Mover.
- Category 4.... Bogie Axle Drive Prime Mover.

UTILISATION CARTAGE RATE means the cartage rates applicable to the average annualised levels of truck productivity in respective fleet categories measured in tonne/drops per truck per year, pursuant to Schedule – A, herein.

1.2 **INTERPRETATION:**

Words imparting the singular number will include the plural number and words imparting the plural number include the singular. The masculine gender shall include the feminine and neuter gender.

1.3 **CONTRACT AGREEMENT APPLICATION:**

The awarding of this Contract Agreement by the NSW Industrial Relations Commission will rescind and replace any and all other agreements between the K&S Group and its Smorgons Business Unit – Lidcombe operation contract carriers existing prior to the IRC award date.



2. INDEPENDENT CONTRACTOR:

- 2.1 This contract sets out the rights and obligations of K&S and the carrier operating a truck from the K&S Smorgons Business Unit Lidcombe Depot delivering K&S specified product.
- 2.2 The carrier is and at all time will remain an independent contractor and is not the legal Representative, agent, joint venturer, partner, or employee of K&S for any purpose whatsoever. The Carrier has no right or authority to assume or create any obligations of any kind or to make any Representation or warranties, whether expressed or implied, on behalf of K&S or to bind in any respect whatsoever or to represent that it is an employee, servant or agent of K&S. The Carrier shall ensure that any of its employees does not assume or create any obligations of any kind or to make any representations or warranties, whether expressed or implied, on behalf of K&S to bind in any respect whatsoever or represent in any way that he is an employee, servant or agent of K&S.
- 2.3 The Carrier is at all times and will remain responsible for all wages and salaries, sick leave, annual leave, long service leave, superannuating, worker's compensation insurance and any other entitlements of all persons employed or otherwise engaged by the Carrier in connection with the Carrier's cartage business and for all payroll and any other taxes payable in respect of those persons.

3. TERM OF THE CONTRACT AGREEMENT:

The term of this contract agreement shall be twelve (12) months from the date of IRC award.

4. CARTAGE RATES:

- 4.1 Clause 16, Remuneration, of the Contract Determination for General Carriers is varied by this Agreement as follows:-

The cartage rates payable to Carriers, which is an all-up hourly rate inclusive of an allowance to include all costs associated with the provision, operation and maintenance of a loading /unloading crane pursuant to Schedule – G of the Agreement, herein, the provision and usage of all necessary tarpaulins, ropes, gates, chains, and dogs for use in a contract of carriage, Carrier incorporation costs and expenses, workers compensation insurance, superannuation and any other related costs for a carriers employees, will be as follows.

CATEGORY:	HOURLY RATE: (contract determination)	ALLOWANCE:	TOTAL HOURLY RATE:
One	\$ 27.51	** \$ 7.49	\$ 35.00
Two	\$ 42.15	** \$ 5.85	\$ 48.00
Three	\$ 39.06	** \$ 5.85	\$ 44.91
* Four	\$ 48.21	** \$ 1.34	\$ 49.55

NB.* Category four carriers are not required to provide a loading/unloading crane.
 ** Allowances are fixed and not subject to variation due to cost increases.

In conjunction with the above cartage rates K&S will operate a **BONUS** system for carriers which will be based on the application of a **Utilisation Cartage Rate**, pursuant to Schedule – A , herein.

At the conclusion of each three (3) month period, should the amount that would otherwise have been paid to a carrier for cartage by the application of the **Utilisation Cartage Rate**, be greater than that paid to the carrier for cartage by the application of the **Total Hourly Rate**, above, K&S will pay the difference to that carrier on the regular pay date following the end of the relevant three (3) month period.



4.2 UTILISATION CARTAGE RATES:

- (a) The Utilisation Rates as set out in Schedule – A, herein, are applicable only to the carriers relevant vehicle Category
- (b) For the first three (3) months period from the Contract commencement date, the annualised Utilisation Cartage Rate, for all vehicle categories, shall be 5000 tonne drops.
- (c) On the fifteenth (15th) calendar day from the start of every subsequent three (3) month period, during the term Of this Agreement, the annualised utilisation level for each category will be independently adjust, on a moving annual total basis, so as to reflect the actual utilisation achieved for the previous three (3) months.
- (d) The Quarterly Carrier Fleet Productivity, measured in *tonne drops*, will be calculated pursuant to clause 4.3, herein. Utilisation Level and Availability, herein, over the total appropriate vehicle category carrier fleet but excluding any days that a carrier is unavailable pursuant to clause 4.3.

4.3 UTILISATION LEVEL AND AVAILABILITY:

The quarterly annualised utilisation level shall be calculated pursuant to the following Formula:

$$U = V / (T - R).$$

Where,

- R = S / W = calculated unavailable trucks (number of trucks.)
- S = sum of unavailable days (number of days).
- W = working days in the quarter (number of days).
- U = quarterly utilisation level, (tonne drops per truck)
- V = tonne drops available for the period (tonne drops).
- T = base fleet number. (number of trucks).

(Example: see Schedule – D, herein.)

5. OBLIGATIONS OF THE CARRIER:

Clause 6 of the Contract determination for General Carriers is varied to include the following:

- (a) All carriers will be incorporated Entities by 26 April 1998.
- (b) All carriers, with the exception of those carriers with category 4. Vehicles (bogie axle drives) will have a loading/unloading crane operational on their vehicle by 26 April 1998.
- (c) All carriers will provide K&S with proof of currency documentation for all Statutory Requirements and Insurances pursuant to clause 6., herein.

NOTE:

The services of any carrier that does not fully comply the Clause 5., “ OBLIGATIONS OF THE CARRIER:”, herein, by the 26 April 1998, will no longer be utilised by K&S.



6. STATUTORY REQUIREMENTS AND INSURANCES:

- 6.1 Carriers will comply with the provisions of all relevant statutes and regulations made thereunder in relation to the use and/or operation of its truck in NSW and the carrier shall ensure payment of all lawful fees, licenses and taxes in relation thereto
- 6.2 Carriers shall arrange insurance cover, as specified by K&S pursuant to Schedule – F herein, and keep current whilst working pursuant to this Agreement in respect of: -
- (a) Motor vehicle comprehensive insurance for its truck.
 - (b) Motor vehicle compulsory third party insurance for its truck.
 - (c) Worker's Compensation insurance for all its employees, including casuals, whilst working pursuant to this Agreement.
 - (d) Public liability insurance with a minimum value of \$5 million.
 - ~~(e) Carriers legal liability insurance~~

NB. All insurance policies with the exception of 6.2 (b) & (c), herein, must contain a special notation that the policy is strictly pursuant to the K&S insurance specification, Schedule – F herein.

7. AVAILABILITY OF SUITABLE VEHICLE:

- 7.1 It is the obligation of the carrier on each working day to supply, have manned and operate and keep servicable , a suitable truck. Any variation to this obligation shall require written approval by K&S.
- 7.2 (a) No truck shall be brought into service by the carrier without the prior written approval of K&S.
(b) K&S shall have the discretion to refuse to load any truck that is unregistered or obviously defective.
- 7.3 The legal carrying capacity of a suitable truck shall be based on the RTA registered mass And tare weight of the vehicle.
- 7.4 An unservicable truck shall be repaired as soon as practicable.
- 7.5 Where a carrier's driver is unable to report to work with the carrier's truck the carrier shall inform K&S at the earliest possible moment of the reason and anticipated period of absence .
- 7.6 Where a carrier is required to submit its truck to the Road & Traffic Authority for annual Inspection, it shall inform K&S four weeks prior to the registration renewal date or on Receipt of the inspection notification, whichever is the earliest.
- 7.7 All current operational trucks in the fleet are deemed to be approved vehicles for a period of one (1) year from the commencement date of the Agreement.

8. FLEET SIZE:

K&S shall have the absolute discretion to vary its fleet size in any manner and for any reason.



K&S SMORGONS BUSINESS UNIT – LIDCOMBE:

CARRIERS CONTRACT AGREEMENT:

1 April 1998:

AGREEMENT:

It is agreed that the document entitled "K&S Smorgons Business Unit – Lidcombe Carriers Contract Agreement" has been consulted by the parties and is to be submitted to the Industrial Relations Commission of N.S.W. for the award to be made.

SIGNATORIES TO THE AGREEMENT:

Signed for and on behalf of K&S Freighters Pty. Ltd.

Name: D. MASON

Signature:

Position: STATE MANAGER
SBU DIU NSW

Date: 20/4/98

In the presence of Witness:

Signature:

Date: 20.4.98

Signed for and on behalf of the Transport Workers Union of Australia (New South Wales branch.) and the K&S Smorgons Business Unit – Lidcombe Contract Carriers.

Name:

Signature:

Position: TWU State Secretary:

Date:

Name: R. Laake

Signature:

Position: TWU Official:

Date:

In the presence of Witness:

Signature:

Date: 20.4.98

K&S SMORGONS BUSINESS UNIT
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SCHEDULE F

INSURANCE SPECIFICATION:

1. GENERAL

The Insurance coverage required pursuant to Clause 7 of the Carriers Contract Agreement is as follows:

- (a) Motor vehicle comprehensive or third party property
- (b) Motor vehicle compulsory third party (green slip)
- (c) Workers' Compensation for all carriers' employees
- (d) Public liability cover to a minimum value of \$5 million
- ~~(e) Carrier's legal liability insurance~~

RL

2. MOTOR VEHICLE COMPREHENSIVE OR THIRD PARTY PROPERTY

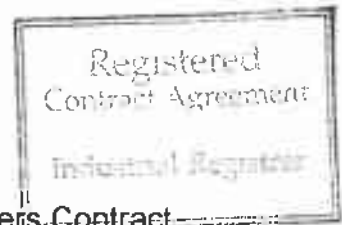
The motor vehicle comprehensive policy must include a Third Party Liability in respect of bodily injury and/or property damage up to a limit of \$10 million for any one event.

The policy must also cover, but necessarily be limited to the following:

- (a) Finance payout
- (b) Any loss which may arise whilst the insured is operating beyond the limits of any carriageway or throughfare
- (c) Any losses due to theft, fire, flood and/or storm and tempest
- (d) Cross liability
- (e) Liability of passengers
- (f) Principal's Indemnity in respect of non-owned vehicles
- (g) Removal of debris/cleaning up costs
- (h) Signwriting

3. MOTOR VEHICLE COMPULSORY THIRD PARTY

This cover is that which is commonly known as "Green Slip" cover and is controlled by State Government legislation.



4. WORKERS' COMPENSATION

As each Carrier operating in accordance with the Carriers Contract Agreement is trading as a Proprietary Limited Company, they are required, by law, to effect Workers' Compensation Insurance for each and every worker employed by their Company, including themselves. The rate and conditions are controlled by the Workers' Compensation legislation.

5. PUBLIC LIABILITY

An All Risk Public Liability cover to a value of \$5 million is compulsory.

6. CARRIER'S LEGAL LIABILITY INSURANCE.

Each carrier shall effect a Carrier's Legal Liability Insurance with a minimum value of two hundred thousand dollars (\$200,000).

NOTE: All insurance policies with the exception of 7.2(b) & (c) herein, must contain a special notation that the insurance cover is strictly in accordance with the K&S Insurance specification, Schedule F, herein.

Handwritten signature and initials in black ink, located to the right of the note section.

K&S SMORGONS BUSINESS UNIT

LIDCOMBE

CARRIERS CONTRACT AGREEMENT

SCHEDULE D



Example only

Determination of Utilisation Level

Tonne-drops available for the period (V)	=	8000
Base fleet of trucks (T)	=	8
Working days in the quarter (W)	=	65

UNAVAILABLE DAYS

Sick leave	4
Vehicle breakdown	4
Bereavement	1
Special approved leave	2
Unauthorised leave	1
Failure to report	1

TOTAL DAYS (S) 13

Formula: $U = V / (T - R)$, where $R = S / W$

Therefore $U = 8000 / (8 - 13/65)$
 $U = 2666$ tonne drops/truck

SCHEDULE G

K&S SMORGONS BUSINESS UNIT

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CRANE SPECIFICATIONS



PRIME MOVERS

TONNE / METER RATING	9.9 TONNES
MAXIMUM RADIUS	10.6 METRES
MAXIMUM LIFTING CAPACITY	3.03 TONNES AT 3.55 METRES
MAXIMUM LIFTING CAPACITY	73 TONNES AT 10.6 METRES

BODY TRUCKS

TONNE / METER RATING	9.9 TONNES
MAXIMUM RADIUS	10.6 METRES
MAXIMUM LIFTING CAPACITY	3.03 TONNES AT 3.55 METRES
MAXIMUM LIFTING CAPACITY	980 TONNES AT 7.53 METRES

SCHEDULE A - UTILIZATION CARTAGE RATES FOR K&S SMORGON BUSINESS UNIT - LIDCOMBE: BDPM (XG)

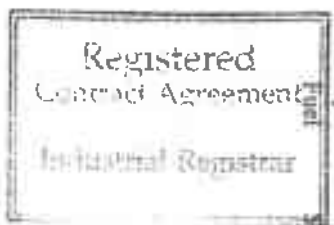
CPI INDICES		
Base Index - June Quarter 1997:	120.2	F
Index at review:	120.2	D
PRODUCTIVITY		
Volume (Tonne drops per annum)	5000	D
Working days/year	242	D
Average tonne-drops/day	20.66	F
Tonne-drops /year	5000	X
Paid km/year	20280	X
Paid km / total km ratio	100%	F
Total km/year	20280	X
LABOUR		
Weekly rate (\$)	\$547.34	A
Weeks/year	52	F
Normal time wages (\$)	\$28,462	X
Casual labour, 4 weeks leave (\$)	\$3,244	A (X)
Casual labour, 12 RDOs (\$)	\$1,723	A (X)
Total casual labour (\$)	\$4,967	X
<p>Grade 7. Transport Industry (NSW) Award rate for driver for 40 hours/week. (Overtime calculated on 38 hours)</p>		
<p>\$17.94 Includes 15% plus 1/12 loading</p>		
<p>Based on criteria established for Lidcombe boggie drive prime mover Metropolitan fleet</p>		
<p>Splicing Consumer Price Index (All Groups Index) June Quarter 1997.</p>		
<p>Total hours per 4K TD/A: 2333 F</p>		
<p>% Overtime per 4K TD/A: 25.00 F</p>		
<p>Equiv normal time hours /A: 583.25 F</p>		
<p>Overtime cost (\$): \$7,981 X</p>		



LABOUR (continued)			
Superannuation (\$)	1,708	A (X)	6% of normal time wage, as per legal obligation.
Long service leave (\$)	\$0	A (X)	Not applicable
Leave loading (\$)	\$5,477	A (X)	25% of 4 weeks normal time wage = 1 week
Workers comp insurance (\$)	2,975	A (X)	of normal wages, casual labour.
Total labour oncosts (\$)	\$5,230	X	
TOTAL LABOUR COST (\$)		X	
Split of overtime labour			
% charged to running cost	25%	F	
% charged to fixed labour cost	75%	F	
Total overtime cost (\$)	7981	X	
Total workers comp insurance (\$)	710	X	8.9% of overtime cost
"Running cost" labour (\$)	\$2,173	X	
"FIXED COST" LABOUR (\$)	\$44,467	X	
OWNERSHIP & OVERHEAD COSTS			
Depreciation (\$)	\$3,500	F	\$50,000 truck depreciated over 10 years straight line with
Reg'n, CTP insur & permit (\$)	\$3,461	B (X)	Average age of fleet 20 years, Average value of fleet \$41,000
Insurance excl workers comp (\$)	\$1,430	B (X)	Truck registration * \$2,282 CTP ins.* \$1,179.00
Administration costs (\$)	\$1,375	C (X)	Truck and crane comprehensive. 3% Public liab. \$140
Incorporation fee (\$)	\$105	F	Accountants fee \$800, filing fee \$175, postage/telephone & miscellaneous \$400
Profit on FC + ownership (\$)	\$6,520.57	F	\$1050 amortized over 10 years
12% TPC			
TOTAL O & O COSTS (\$)	\$16,392	X	*Truck registration based on International BDPM.
RUNNING COSTS			
Fuel - based on km travelled	\$0.748	B	ACCC average pump price distillate fuel
Fuel Cost (\$/litre)	20280	X	
Total km travelled	56	F	1.80 Km/litre
Fuel consumption (litres/100km)		F	
Truck fuel cost (\$)	\$8,495	X	



RUNNING COSTS (continued)			
Repairs & servicing - all time based			
Routine service per year	4	F	
Hours per routine service	4	F	
Workshop cost (\$/hour)	\$55	B	
Materials for routine service (\$)	\$293	C	
Routine service cost per year (\$)	\$2,053	X	
Minor R & M (hours/week)	2	F	
Truck working weeks/year	52	F	
Mechanic cost (\$/hour)	\$17.94	B	
Minor R & M cost per year	\$1,866	X	
Provision for major R & M (\$)	\$3,000	C	
Total servicing, R & M cost (\$)	\$6,919	X	
Tyres - based on km travelled			
No. of new tyres - radial steer	2	F	
Cost of new tyre (\$ each)	\$630	B	
Cost of new tyres (\$)	\$365	X	
No. of recaps - rear drive	10	F	
Cost of recaps (\$ each)	\$126	B	
Cost of recaps (\$)	\$639	X	
Expected no. of punctures	12	F	
Cost of puncture repair (\$ each)	\$30	C	
Cost of punctures (\$)	\$360	X	
Total tyre cost (\$)	\$1,364	X	
**Running cost" labour (\$)	\$2,173	X	
TOTAL RUNNING COSTS (\$)	\$18,951	X	
Total Running Cost per Km	\$0.93		
Running cost /TTD	\$3.79	X	
% margin allowed on running cost	12%	F	
PAID RATE (per TD)	\$4.24	X	



International truck workshop rate

Filters	Air in f.i.l.	\$64	Air out.	\$105	Oil	\$79	Water	\$40
Flt	Flt	\$32	Renew oil	\$100				

Average km for 4K TD/year = 20280 km tyre life 70000 km
 Beurepaire SP370 11R22.5 contact Mike O'Brien 648-3311 - Beurepaire Silverwater

Tyre life 40000 km 2 extra for case replacement
 Allow 1 puncture per month
 Typical cost

20280 Km allowed above

Rounded to nearest whole cent

	PRODUCTIVITY (Tonne - Drops per annum)										
	3500	3600	3700	3800	3900	4000	4100	4200	4300	4400	4500
Fixed Cost* Labour (\$) Ownership & Overhead Cost + Profit (\$) Running cost + Profit (\$)	\$44,467 16,392 14,865	\$44,467 16,392 15,289	\$44,467 16,392 15,713	\$44,467 16,392 16,137	\$44,467 16,392 16,561	\$44,467 16,392 16,985	\$44,467 16,392 17,409	\$44,467 16,392 17,833	\$44,467 16,392 18,257	\$44,467 16,392 18,681	\$44,467 16,392 19,105
CC OPERATING COST 16 K&S (\$)	\$75,723	\$76,147	\$76,571	\$76,995	\$77,419	\$77,843	\$78,267	\$78,691	\$79,115	\$79,539	\$79,963
CC OPERATING COST/TD TO K&S (\$)	\$21.64	\$21.15	\$20.69	\$20.26	\$19.85	\$19.46	\$19.09	\$18.74	\$18.40	\$18.08	\$17.77
PAID CARTAGE/TD - ZONE 1.	\$21.64	\$21.15	\$20.69	\$20.26	\$19.85	\$19.46	\$19.09	\$18.74	\$18.40	\$18.08	\$17.77
Gross CC Income /A - Zone 1. (\$)	\$75,723	\$76,147	\$76,571	\$76,995	\$77,419	\$77,843	\$78,267	\$78,691	\$79,115	\$79,539	\$79,963

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	PRODUCTIVITY (Tonne - Drops per Annum)										
	4600	4700	4800	4900	5000	5100	5200	5300	5400	5500	5600
Fixed Cost Labour (\$) \$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467
Ownership & Overhead Cost+Profit (\$) 16,392	16,392	16,392	16,392	16,392	16,392	16,392	16,392	16,392	16,392	16,392	16,392
Running Cost + Profit (\$) \$4.24	19,529	19,953	20,377	20,801	21,225	21,649	22,073	22,497	22,921	23,345	23,769
CC OPERATING COST TO K&S (\$) \$80,387	\$80,811	\$81,235	\$81,659	\$82,083	\$82,507	\$82,931	\$83,355	\$83,779	\$84,203	\$84,627	
CC OPERATING COST/TD TO K&S (\$) \$17.48	\$17.19	\$16.92	\$16.67	\$16.42	\$16.18	\$15.95	\$15.73	\$15.51	\$15.31	\$15.11	
PAID CARTAGE/TD - ZONE 1. \$17.48	\$17.19	\$16.92	\$16.67	\$16.42	\$16.18	\$15.95	\$15.73	\$15.51	\$15.31	\$15.11	
Gross CC Income /A - Zone 1. (\$) \$80,387	\$80,811	\$81,235	\$81,659	\$82,083	\$82,507	\$82,931	\$83,355	\$83,779	\$84,203	\$84,627	

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	PRODUCTIVITY (Tonne - Drops per annum)										
	5700	5800	5900	6000	6100	6200	6300	6400	6500	6600	6700
"Fixed Cost" Labour (\$)	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467	\$44,467
Ownership & Overhead Cost + Profit (\$)	16,392	16,392	16,392	16,392	16,392	16,392	16,392	16,392	16,392	16,392	16,392
Running cost + Profit (\$)	24,193	24,617	25,041	25,465	25,889	26,313	26,737	27,161	27,585	28,009	28,433
CC OPERATING COST TO K&S (\$)	\$85,051	\$85,475	\$85,899	\$86,323	\$86,747	\$87,171	\$87,595	\$88,019	\$88,443	\$88,867	\$89,291
CC OPERATING COST/TD TO K&S (\$)	\$14.92	\$14.74	\$14.56	\$14.39	\$14.22	\$14.06	\$13.90	\$13.75	\$13.61	\$13.46	\$13.33
PAID CARTAGE/TD - ZONE 1.	\$14.92	\$14.74	\$14.56	\$14.39	\$14.22	\$14.06	\$13.90	\$13.75	\$13.61	\$13.46	\$13.33
Gross CC Income /A - Zone 1. (\$)	\$85,044	\$85,492	\$85,904	\$86,340	\$86,742	\$87,172	\$87,570	\$88,000	\$88,465	\$88,836	\$89,311

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NOTES FORMING PART OF CONTRACT SCHEDULE A

APPLICATION OF UTILIZATION RATES

The table of utilization rates calculated above are the mid points of 100 tonne-drops/truck/year productivity steps, e.g. the 4500 tonne-drops/truck/year rate applies for productivity between 4451 and 4550 tonne-drops/truck/year.

The appropriate utilization rate to be paid shall be based on quarterly reviews of truck productivity as provided for in clause 4.1(c) of the Contract Agreement. Average annual truck productivity shall be calculated in accordance with clauses 4.1(c) and 4.1(d) of the Contract Agreement on a moving annual total basis except for the first 4 quarters, for which the productivity will be as follows:

Start for Quarter 1 = 4000 tonne-drops/truck/year

Quarter 2 = (Start/4x3) + qtr 1 actual productivity tonne-drops/truck/year

Quarter 3 = (Start/4x2) + qtr 1 + qtr 2 actual productivity tonne-drops/truck/year

Quarter 4 = (Start/4) + qtr 1 + qtr 2 + qtr 3 actual productivity tonne-drops/truck/year

Quarter 5 = qtr 1 + qtr 2 + qtr 3 + qtr 4 actual productivity tonne-drops/truck/year

Utilization rates of less than 3500tonne-drops/truck/year will be paid at the rate for 3500 tonne-drops/truck/year.



VARIATION IN UTILIZATION RATES

Where a recalculation of the above table of utilization rates, at a half-yearly review, varies the 5000 tonne-drops/truck/year rate by an amount equal to or greater than 3%, then the recalculated table of utilization rates will apply until the next (until the next half-yearly rate review. If the variation in the recalculated rate is less than 3% then the existing rate will continue to apply until the next half-yearly rate review.

Example: The utilization rate for 5000 tonne-drops/truck/year in the table above is \$17.18. A rate review calculates the new rate to be \$17.66. As the increase is only 2.8%, the existing rate of \$17.18 continues to be paid.

For the purposes of the recalculation of the table of utilization rates:

- Items of data marked "A" to be varied by any change in the Transport Industry Mixed Enterprises (State) Award grade 7 driver.
- Items of data marked "B" to be varied by actual change in cost.
- Items of data marked "C" to be varied by the % change in the Sydney Consumer Price Index (All Groups Index Number) for the quarter immediately preceding the rate review. Base CPI for percentage change to be June 1997 quarter = 120.20
- Items of data marked "D" to be the paid productivity level at the date of the review.
- Items of data marked "E" are fixed for the term of the Contract of Carriage unless both parties agree that circumstances are sufficiently changed to warrant alteration.
- Items marked "X" are calculated from the items of data "A", "B", "C", "D" and "F".

NOTES FORMING PART OF CONTRACT SCHEDULE A (continued)

SAFETY NET, CALCULATION OF WORKING DAYS



For the purposes of Safety Net adjustment, the 242 working days per annum which the Carrier will have his truck available for work is made up as follows:

52 weeks x 5 week days	= 260 days
less Annual Leave	= 20
less Public Holidays	= 10
less Rostered Days Off	= 12
less Sick Leave	= 8
plus casual labour payment for Annual leave	= 20
plus casual labour payment for 12 RDOs	= 12
TOTAL WORKING DAYS PER ANNUM:	242

The earnings safety net per year as provided for in clause 5.1 of the Contract Agreement shall be the sum of the "Fixed" Cost Labour plus the Overtime and Overhead Cost.

When at half-yearly review, a recalculation of the above table of utilization rates results in a change in the utilization rates to be paid, the earnings safety net per year shall be varied according to the recalculated "Fixed" Cost Labour and Overhead Cost.

At the commencement of the Contract Agreement the earnings safety net per year will be \$44467 + \$20210 = \$64677.

EARNINGS SAFETY NET

SCHEDULE A - UTILIZATION CARTAGE RATES FOR K&S SMORGON BUSINESS UNIT - LIDCOMBE'S DRIVE, P. MOVERS.

LIDCOMBE'S DRIVE

CPI INDICES	Base Index - June Quarter 1997: Index at review	120.2 120.2	F B	Sydney Consumer Price Index (All Groups Index) June Quarter 1997.
PRODUCTIVITY	Volume (Tonne drops per annum)	5000	D D D	Based on criteria established for Lidcombe SDPM vehicles. Zone 1.
Working days/year	Average tonne-drops/day	242	F	
Tonne-drops /year	Paid km/year	2066 5000 20600	X X X	
Paid km / total km ratio	Total km/year	100% 20600	F X	
LABOUR	Weekly rate (\$)	\$522.00	A	Grade 5 Transport Industry (NSW) Award rate for driver for 40 hours/week. (Overtime calculated on 38 hours)
Weeks/year	Normal time wages (\$)	52 \$27,144	F X	
Casual labour, 4 weeks leave (\$)	Casual labour, 12 RDOs (\$)	\$3,094 \$1,643	A (X) A (X)	\$17.11 Includes 15% plus 1/12 loading
Total casual labour (\$)	Total hours per 5K TD/A	\$4,737	X	
% Overtime per 5K TD/A	Equiv normal time hours /A	1992 14.00 278.88	F F F	
Overtime cost (\$)		\$3,639	X	

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LABOUR (continued)			
Superannuation (\$)	1,628.64	A (X)	6% normal time wage, (Superannuation Guarantee legislation)
Long service leave (\$)	\$0	A (X)	Not applicable
Leave loading (\$)	\$522	A (X)	25% of 4 weeks normal time wage = 1 week
Workers comp insurance (\$)	2,837.42	A (X)	of normal wages, casual labour
Total labour oncosts (\$)	\$4,988	X	
TOTAL LABOUR COST (\$)	\$40,509	X	
Split of overtime labour			
% charged to running cost	25%	F	
% charged to fixed labour cost	75%	F	
Total overtime cost (\$)	3639	X	
Total workers comp insurance (\$)	324	X	8.9% = 8.9% of overtime cost
"Running cost" labour (\$)	\$991	X	
"FIXED COST" LABOUR (\$)	\$39,518	X	
OWNERSHIP & OVERHEAD COSTS			
Depreciation (\$)	\$5,500	F	\$70,000 truck & crane depreciated 10 years st. line residual \$15,000
Reg'n, CTP insur & permit (\$)	\$2,161	B (X)	Average age of fleet 20 years, Average value of fleet \$40,000
Insurance excl workers comp (\$)	\$1,910	B (X)	Truck registration * \$982 CTP ins. * \$1,179.00 Extra load permit \$0.00
Administration costs (\$)	\$1,375	C (X)	Truck and crane comprehensive \$140
Incorporation fee (\$)	\$105	F	Accountants fee \$800, filing fee \$175, postage/telephone & miscellaneous \$400
Profit on fixed costs + ownership 12% TFC	\$6,068	F	\$1050 amortized over 10 years
TOTAL O & O COSTS (\$)	\$17,119	X	*Truck registration based on International
RUNNING COSTS			
Fuel - based on km travelled			
Fuel Cost (\$/litre)	\$0.748	B	ACCC average pump price distillate fuel
Total km travelled	20600	X	
Fuel consumption (litres/100km)	50	F	
Truck fuel cost (\$)	\$7,704	X	2 km/litre



RUNNING COSTS (continued)			
Repairs & servicing - all time based			
Routine services per year	4	F	
Hours per routine service	4	F	
Workshop cost (\$/hour)	\$55.00	B	
Materials for routine service (\$)	\$293	C	
Routine service cost per year (\$)	\$2,053	X	
Minor R & M (hours/week)	2	F	
Truck working weeks/year	52	F	
Mechanic cost (\$/hour)	\$24.04	B	
Minor R & M cost per year	\$2,500	X	
Provision for major R & M (\$)	\$3,000	C	
Total servicing, R & M cost (\$)	\$7,553	X	
Tyres - based on km travelled			
No. of new tyres - radial steer	2	F	
Cost of new tyre (\$ each)	\$655	B	
Cost of new tyres (\$)	385.51	X	
No. of recaps - rear drive	4	F	
Cost of recaps (\$ each)	\$150.00	B	
Cost of recaps (\$)	\$309	X	
Expected no. of punctures	12	F	
Cost of puncture repair (\$ each)	\$30	C	
Cost of punctures (\$)	\$360	X	
Total tyre cost (\$)	\$1,055	X	
"Running cost" labour (\$)	\$991	X	
TOTAL RUNNING COSTS (\$)	\$17,303	X	
Total Running Cost per Km:	\$0.84		
Running cost /TD/Km	\$3.46	X	
% margin allowed on running cost	12%	F	
PAID RATE (per TD)	\$3.88	X	

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	International truck workshop rate					
Filters	Air in p.a. \$64.00	Air out p.a. \$105.00	Oil	\$79.00	Water	\$40.00
Fluids	\$32.00	Renew oil	\$100.00			

20600 = Average km for 4K TD/year	Expected life	70000	km
20600 = Average km for 37K TD/year	Expected life of	40000	km

Beauprepaire SP370 11R22.5 contact Mike O'Brien 648-3311 - Beauprepaire Silverwater

Allow 1 puncture per month
Typical cost

20600 Km allowed above

Rounded to nearest whole cent

	PRODUCTIVITY (Tonne - Drops per annum)										
	3500	3600	3700	3800	3900	4000	4100	4200	4300	4400	4500
Fixed Cost* Labour (\$) / Ownership & Overhead Cost + Profit (\$)	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518
Running cost + Profit (\$)/TD	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119
	13,559	13,947	14,335	14,723	15,111	15,499	15,887	16,275	16,663	17,051	17,439
CC OPERATING COST to KKS (\$)	\$70,196	\$70,584	\$70,972	\$71,360	\$71,748	\$72,136	\$72,524	\$72,912	\$73,300	\$73,688	\$74,076
CC OPERATING COST/TD TO KKS (\$)	\$20.06	\$19.61	\$19.18	\$18.78	\$18.40	\$18.03	\$17.69	\$17.36	\$17.05	\$16.75	\$16.46
PAID CARTAGE/TD - ZONE 1.	\$20.06	\$19.61	\$19.18	\$18.78	\$18.40	\$18.03	\$17.69	\$17.36	\$17.05	\$16.75	\$16.46
Gross CC Income /A - Zone 1. (\$)	\$70,196	\$70,584	\$70,972	\$71,360	\$71,748	\$72,136	\$72,524	\$72,912	\$73,300	\$73,688	\$74,076



	PRODUCTIVITY (Tonne - Drops per Annum)										
	4600	4700	4800	4900	5000	5100	5200	5300	5400	5500	5600
"Fixed Cost" Labour (\$)	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518
Overship & Overhead Cost+Profit (\$)	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119
Running Cost + Profit (\$)/TD	17,827	18,215	18,603	18,991	19,379	19,767	20,155	20,543	20,931	21,319	21,707
CC OPERATING COST TO K&S (\$)	\$74,464	\$74,852	\$75,240	\$75,628	\$76,016	\$76,404	\$76,792	\$77,180	\$77,568	\$77,956	\$78,344
CC OPERATING COST/TD TO K&S (\$)	\$16.19	\$15.93	\$15.68	\$15.43	\$15.20	\$14.98	\$14.77	\$14.56	\$14.36	\$14.17	\$13.99
PAID CARTAGE/TD - ZONE 1.	\$16.19	\$15.93	\$15.68	\$15.43	\$15.20	\$14.98	\$14.77	\$14.56	\$14.36	\$14.17	\$13.99
Gross CC Income /A - Zone 1. (\$)	\$74,464	\$74,852	\$75,240	\$75,628	\$76,016	\$76,404	\$76,792	\$77,180	\$77,568	\$77,956	\$78,344

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	PRODUCTIVITY (Tonne - Drops per annum)										
	5700	5800	5900	6000	6100	6200	6300	6400	6500	6600	6700
"Fixed Cost" Labour (\$)	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518	\$39,518
Ownership & Overhead Cost + Profit (\$)	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119	17,119
Running cost + Profit (\$/TD)	22,095	22,483	22,871	23,259	23,647	24,035	24,423	24,811	25,199	25,587	25,975
CC OPERATING COST TO K&S (\$)	\$78,732	\$79,120	\$79,508	\$79,896	\$80,284	\$80,672	\$81,060	\$81,448	\$81,836	\$82,224	\$82,612
CC OPERATING COST/TD TO K&S (\$)	\$13.81	\$13.64	\$13.48	\$13.32	\$13.16	\$13.01	\$12.87	\$12.73	\$12.59	\$12.46	\$12.33
PAID CARTAGE/TD - ZONE 1.	\$13.81	\$13.64	\$13.48	\$13.32	\$13.16	\$13.01	\$12.87	\$12.73	\$12.59	\$12.46	\$12.33
Gross CC Income /A - Zone 1.(S)	\$78,717	\$79,112	\$79,532	\$79,920	\$80,276	\$80,662	\$81,081	\$81,472	\$81,835	\$82,236	\$82,611

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NOTES FORMING PART OF CONTRACT SCHEDULE A

APPLICATION OF UTILIZATION RATES

The table of utilization rates calculated above are the mid points of 100 tonne-drops/truck/year productivity steps, e.g. the 4500 tonne-drops/truck/year rate applies for productivity between 4451 and 4550 tonne-drops/truck/year.

The appropriate utilization rate to be paid shall be based on quarterly reviews of truck productivity as provided for in clause 4.1(c) of the Contract Agreement. Average annual truck productivity shall be calculated in accordance with clauses 4.1(c) and 4.1(d) of the Contract Agreement on a moving annual total basis except for the first 4 quarters, for which the productivity will be as follows:

Start for Quarter 1 = 5000 tonne-drops/truck/year

Quarter 2 = (Start/4x3) + qtr 1 actual productivity (tonne-drops/truck/year)

Quarter 3 = (Start/4x2) + qtr 1 + qtr 2 actual productivity (tonne-drops/truck/year)

Quarter 4 = (Start/4) + qtr 1 + qtr 2 + qtr 3 actual productivity (tonne-drops/truck/year)

Quarter 5 = qtr 1 + qtr 2 + qtr 3 + qtr 4 actual productivity (tonne-drops/truck/year)

Utilization rates of less than 3500 tonne-drops/truck/year will be paid at the rate for 3500 tonne-drops/truck/year.

VARIATION IN UTILIZATION RATES

Where a recalculation of the above table of utilization rates, at a half-yearly review, varies the 5000 tonne-drops/truck/year rate by an amount equal to or greater than 3%, then the recalculated table of utilization rates will apply until the next until the next half-yearly rate review. If the variation in the recalculated rate is less than 3% then the existing rate will continue to apply until the next half-yearly rate review.

Example: The utilization rate for 5000 tonne-drops/truck/year in the table above is \$15.27. A rate review calculates the new rate to be \$15.70. As the increase is only 2.8%, the existing rate of \$15.27 continues to be paid.

For the purposes of the recalculation of the table of utilization rates:

- Items of data marked "A" to be varied by any change in the Transport Industry Mixed Enterprises (State) Award grade 4 driver;
- Items of data marked "B" to be varied by actual change in cost;
- Items of data marked "C" to be varied by the % change in the Sydney Consumer Price Index (All Groups Index Number) for the quarter immediately preceding the rate review. Base CPI for percentage change to be June 1997 quarter = 120.20
- Items of data marked "D" to be the actual average annual truck productivity;
- Items of data marked "E" are fixed for the term of the Contract of Carriage unless both parties agree that circumstances are sufficiently changed to warrant alteration;
- Items marked "X" are calculated from the items of data "A", "B", "C", "D" and "E".



NOTES FORMING PART OF CONTRACT SCHEDULE A (continued)

SAFETY NET, CALCULATION OF WORKING DAYS

For the purposes of Safety Net adjustment, the 242 working days per annum which the Carrier will have his truck available for work is made up as follows:

52 weeks x 5 work days	= 260 days
less Annual Leave	= 20
less Public Holidays	= 10
less Registered Days Off	= 12
less Sick Leave	= 8
plus casual labour payment for Annual leave	= 20
plus casual labour payment for 12 RDOs	= 12

TOTAL WORKING DAYS PER ANNUM: 242

EARNINGS SAFETY NET



The earnings safety net and guaranteed minimum earnings per year as provided for in clause 5.1 of the Contract of Carriage shall be the sum of the "Fixed" Cost Labour plus the Ownership and Overhead Cost.

When at half-yearly review, a recalculation of the above table of utilization rates results in a change in the utilization rates to be paid, the earnings safety net per year shall be varied according to the recalculated "Fixed" Cost Labour and Overhead Cost.

At the commencement of the Contract of Carriage the earnings safety net and guaranteed minimum earnings per year will be \$39518 + \$17119 = \$56637.

SCHEDULE A - UTILIZATION CARTAGE RATES FOR K&S SMORGON BUSINESS UNIT - LIDCOMBE: 12 TONNE.

CPI INDICES		
Base Index - June Quarter 1997:	120.2	F
Index at review	120.2	B
PRODUCTIVITY		
Volume (Tonne drops per annum)	5000	D
		D
		D
Working days/year	242	F
Average tonne-drops/day	20.66	X
Tonne-drops /year	5000	X
Paid km/year	29482	X
Paid km / total km ratio	100%	F
Total km/year	29482	X
LABOUR		
Weekly rate (\$)	\$496.98	A
Weeks/year	52	F
Normal time wages (\$)	\$25,843	X
Casual labour, 4 weeks leave (\$)	\$2,946	A (X)
Casual labour, 12 RDOs (\$)	\$1,564	A (X)
Total casual labour (\$)	\$4,510	X
<p>Sydney Consumer Price Index (All Groups Index) June Quarter 1997.</p> <p>Based on criteria established for Lidcombe 12 tonne vehicles. Zone 1.</p> <p>Grade 4. Transport Industry (NSW) Award rate for driver for 40 hours/week. (Overtime calculated on 38 hours)</p> <p>\$16.29 Includes 15% per 112 tonne</p>		
<p>Total hours per 4K TDA 1992. F</p> <p>% Overtime per 4K TDA 14.00 F</p> <p>Equip normal time hours /A 278.88 F</p> <p>Overtime cost (\$) \$3,465 X</p>		



LABOUR (continued)			
Superannuation (\$) 1,550.58	A (X)	6%	normal time wage, (Superannuation Guarantee legislation)
Long service leave (\$) \$0	A (X)	Not applicable	
Leave loading (\$) \$497	A (X)	25% of 4 weeks normal time wage = 1 week	
Workers comp insurance (\$) 2,701.42	A (X)	8.9%	of normal wages, casual labour.
Total labour oncosts (\$) \$4,749	X		
TOTAL LABOUR COST (\$)	\$38,567		
SPLIT OF OVERTIME LABOUR			
% charged to running cost 25%	F		
% charged to fixed labour cost 75%	F		
Total overtime cost (\$) 3465	X		
Total workers comp insurance (\$) 308	X	8.9%	= 8.9% of overtime cost
"Running cost" labour (\$) \$943	X		
"FIXED COST" LABOUR (\$)	\$37,624		
OWNERSHIP & OVERHEAD COSTS			
Depreciation (\$) \$5,500	F	\$70,000	incl. Truck + crane. depr. 10yrs at line with residual
Reg'n, CTP insur & permit (\$) \$2,353	B (X)		Average age of fleet 10 years, Average value of fleet \$40,000
Insurance excl workers comp (\$) \$1,910	B (X)	\$1,174	Truck registration * CTP Ins. * \$1,179.00
Administration costs (\$) \$1,375	C (X)		Truck + crane comprehensive 3% Public liab. \$140
Incorporation fee (\$) \$105	F		Accounts fee \$800, Filing fee \$175, postage/telephone & miscellaneous \$400
Profit on fixed costs + ownership 12% TFC \$5,863.99	F		\$1050 amortized over 10 years
TOTAL O & O COSTS (\$)	\$17,107		*Truck registration based on International 12 tonne.
RUNNING COSTS			
Fuel - based on km travelled			
Fuel Cost (\$/litre) \$0.748	B		ACCC average pump price distillate fuel
Total km travelled 29482	X		
Fuel consumption (litres/100km) 50	F	2	km/litre
Truck fuel cost (\$) \$11,026	X		



RUNNING COSTS (continued)								
Repairs & servicing - all time based								
Routine services per year	4	F						
Hours per routine service	4	F						
Workshop cost (\$/hour)	\$55.00	B						
Materials for routine service (\$)	293.25	C						
Routine service cost per year (\$)	\$2,053	X						
Minor R & M (hours/week)	2	F						
Truck working weeks/year	52	F						
Mechanic cost (\$/hour)	\$25.00	B						
Minor R & M cost per year	\$2,600	X						
Provision for major R & M (\$)	\$3,000	C						
Total servicing, R & M cost (\$)	\$7,653	X						
Tyres - based on km travelled								
No. of new tyres - radial steer	2	F	29482	Average km for 4K TD/year	Expected life	70000	km	
Cost of new tyre (\$ each)	\$655	B		Beaurepaire SF370 11R22.5 contact Mike O'Brien 648-3311 - Beaurepaire Silverwater				
Cost of new tyres (\$)	551.73	X						
No. of recaps - rear drive	8	F	29482	Average km for 4K TD/year	Expected life of	40000	km	
Cost of recaps (\$ each)	\$150.00	B						
Cost of recaps (\$)	\$884	X						
Expected no. of punctures	12	F		Allow 1 puncture per month				
Cost of puncture repair (\$ each)	\$30	C		Typical cost				
Cost of punctures (\$)	\$360	X						
Total tyre cost (\$)	\$1,796	X						
"Running cost" labour (\$)	\$943	X						
TOTAL RUNNING COSTS (\$)	\$21,419	X		29482	Km allowed above			
Total Running Cost per Km	\$0.73							
Running cost /TD/Km	\$4.28	X						
% margin allowed on running cost	12%	F						
PAID RATE (per TD)	\$4.80	X						
								Rounded to nearest whole cent



International truck workshop rate

Average Fuel	\$64	Air out	\$105	Oil	\$79	Water	\$40
Fuel	\$32	Renew oil	\$100				

	PRODUCTIVITY (Tonne - Drops per annum)										
	3500	3600	3700	3800	3900	4000	4100	4200	4300	4400	4500
"Fixed Cost" Labour (\$) Ownership & Overhead Cost + Profit (\$) Running cost + Profit (\$)/TD	\$37,624 17,107 16,789	\$37,624 17,107 17,269	\$37,624 17,107 17,749	\$37,624 17,107 18,229	\$37,624 17,107 18,709	\$37,624 17,107 19,189	\$37,624 17,107 19,669	\$37,624 17,107 20,149	\$37,624 17,107 20,629	\$37,624 17,107 21,109	\$37,624 17,107 21,589
CC OPERATING COST to K&S (\$)	\$71,520	\$72,000	\$72,480	\$72,960	\$73,440	\$73,920	\$74,400	\$74,880	\$75,360	\$75,840	\$76,320
CC OPERATING COST/TD TO K&S (\$)	\$20.43	\$20.00	\$19.59	\$19.20	\$18.83	\$18.48	\$18.15	\$17.83	\$17.53	\$17.24	\$16.96
PAID CARTAGE/TD - ZONE 1.	\$20.43	\$20.00	\$19.59	\$19.20	\$18.83	\$18.48	\$18.15	\$17.83	\$17.53	\$17.24	\$16.96
Gross CC Income /A - Zone 1. (\$)	\$71,520	\$72,000	\$72,480	\$72,960	\$73,440	\$73,920	\$74,400	\$74,880	\$75,360	\$75,840	\$76,320

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	PRODUCTIVITY (Tonne - Drops per Annum)										
	4600	4700	4800	4900	5000	5100	5200	5300	5400	5500	5600
- Fixed Cost* Labour (\$) Ownership & Overhead Cost+Profit (\$) Running Cost + Profit (\$)/TD	\$37,624 17,107 22,069	\$37,624 17,107 22,549	\$37,624 17,107 23,029	\$37,624 17,107 23,509	\$37,624 17,107 23,989	\$37,624 17,107 24,469	\$37,624 17,107 24,949	\$37,624 17,107 25,429	\$37,624 17,107 25,909	\$37,624 17,107 26,389	\$37,624 17,107 26,869
CC OPERATING COST TO K&S (\$)	\$76,800	\$77,280	\$77,760	\$78,240	\$78,720	\$79,200	\$79,680	\$80,160	\$80,640	\$81,120	\$81,600
CC OPERATING COST/TD TO K&S (\$)	\$16.70	\$16.44	\$16.20	\$15.97	\$15.74	\$15.53	\$15.32	\$15.12	\$14.93	\$14.75	\$14.57
PAID CARTAGE/TD - ZONE 1.	\$16.70	\$16.44	\$16.20	\$15.97	\$15.74	\$15.53	\$15.32	\$15.12	\$14.93	\$14.75	\$14.57
Gross CC Income /A - Zone 1. (\$)	\$76,800	\$77,280	\$77,760	\$78,240	\$78,720	\$79,200	\$79,680	\$80,160	\$80,640	\$81,120	\$81,600



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	PRODUCTIVITY (Tonne - Drops per annum)										
	5700	5800	5900	6000	6100	6200	6300	6400	6500	6600	6700
"Fixed Cost" Labour (\$)	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624
Ownership & Overhead Cost + Profit (\$)	17,107	17,107	17,107	17,107	17,107	17,107	17,107	17,107	17,107	17,107	17,107
Running cost + Profit (\$/TD)	27,349	27,829	28,309	28,789	29,269	29,749	30,229	30,709	31,189	31,669	32,149
CC OPERATING COST TO K&S (\$)	\$82,080	\$82,560	\$83,040	\$83,520	\$84,000	\$84,480	\$84,960	\$85,440	\$85,920	\$86,400	\$86,880
CC OPERATING COST/TD TO K&S (\$)	\$14.40	\$14.23	\$14.07	\$13.92	\$13.77	\$13.63	\$13.49	\$13.35	\$13.22	\$13.09	\$12.97
PAID CARTAGE/TD - ZONE 1.	\$14.40	\$14.23	\$14.07	\$13.92	\$13.77	\$13.63	\$13.49	\$13.35	\$13.22	\$13.09	\$12.97
Gross CC Income /A - Zone 1,(\$)	\$82,080	\$82,534	\$83,013	\$83,520	\$83,997	\$84,506	\$84,987	\$85,440	\$85,930	\$86,394	\$86,899

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NOTES FORMING PART OF CONTRACT SCHEDULE A

APPLICATION OF UTILIZATION RATES

The table of utilization rates calculated above are the mid points of 100 tonne-dropper productivity steps, e.g. the 4500 tonne-drop rate applies for productivity between 4451 and 4550 tonne-drops/truck/year.

The appropriate utilization rate to be paid shall be based on quarterly reviews of truck productivity as provided for in clause 4.1(c) of the Contract Agreement. Average annual truck productivity shall be calculated in accordance with clauses 4.1(c) and 4.1(d) of the Contract Agreement on a moving annual total basis except for the first 4 quarters, for which the productivity will be as follows:

Start for Quarter 1 = 4000 tonne-drops/truck/year

Quarter 2 = (Start/4x3) + qtr.1 actual productivity, tonne-drops/truck/year

Quarter 3 = (Start/4x2) + qtr.1 + qtr.2 actual productivity, tonne-drops/truck/year

Quarter 4 = (Start/4) + qtr.1 + qtr.2 + qtr.3 actual productivity, tonne-drops/truck/year

Quarter 5 = Qtr.1 + qtr.2 + qtr.3 + qtr.4, actual productivity, tonne-drops/truck/year.

Utilization rates of less than 3500tonne-drops/truck/year will be paid at the rate for 3500tonne-drops/truck/year.

VARIATION IN UTILIZATION RATES

Where a recalculation of the above table of utilization rates, at a half-yearly review, varies the 5000tonne-drops/truck/year rate by an amount equal to or greater than 3%, then the recalculated table of utilization rates will apply until the next until the next half-yearly rate review. If the variation in the recalculated rate is less than 3% then the existing rate will continue to apply until the next half-yearly rate review.

Example: The utilization rate for 5000 tonne-drops/truck/year in the table above is \$15.74. A rate review calculates the new rate to be \$16.18. As the increase is only 2.8%, the existing rate of \$15.74, continues to be paid.

For the purposes of the recalculation of the table of utilization rates:

- Items of data marked "A" to be varied by any change in the Transport Industry Mixed Enterprises (State) Award grade 4 driver.
- Items of data marked "B" to be varied by actual change in cost.
- Items of data marked "C" to be varied by the % change in the Sydney Consumer Price Index (All Groups Index Number) for the quarter immediately preceding the rate review. Base CPI for percentage change to the June 1997 quarter = 120.20.
- Items of data marked "D" to be the paid productivity level at the date of the review.
- Items of data marked "E" are fixed for the term of the Contract Agreement unless both parties agree that circumstances are sufficiently changed to warrant alteration.
- Items marked "X" are calculated from the items of data "A", "B", "C", "D" and "E".

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NOTES FORMING PART OF CONTRACT SCHEDULE A (continued)

SAFETY NET, CALCULATION OF WORKING DAYS

For the purposes of Safety Net adjustment, the 242 working days per annum which the Carrier will have his truck available for work is made up as follows:

52 weeks x 5 week days	= 260 days
less Annual Leave	= 20
less Public Holidays	= 10
less Rostered Days Off	= 12
less Sick Leave	= 8
plus casual labour payment for Annual leave	= 20
plus casual labour payment for 12 HDOs	= 12

TOTAL WORKING DAYS PER ANNUM: 242



EARNINGS SAFETY NET

The earnings safety safety net and per year as provided for in clause 5.1 of the Contract Agreement shall be the sum of the "Fixed" Cost Labour plus the Ownership and Overhead Cost.

When at half-yearly review, a recalculation of the above table of utilization rates results in a change in the utilization rates to be paid, the earnings safety safety net per year shall be varied according to the recalculated "Fixed" Cost Labour and Overhead Cost.

At the commencement of the Contract of Carriage the earnings safety safety net per year will be \$37624 + \$17307 = \$54931.

SCHEDULE A - UTILIZATION CARTAGE RATES FOR K&S SMORGON BUSINESS UNIT - LIDCOMBE: 8 TONNE.

CPI INDICES		
Base Index - June Quarter 1997:	120.2	F
Index at review	120.2	B
PRODUCTIVITY		
Volume (Tonne drops per annum)	5000	D
		D
		D
Working days/year	242	F
Average tonne-drops/day	20.66	X
Tonne-drops /year	5000	X
Paid km/year	43562	X
Paid km / total km ratio	100%	F
Total km/year	43562	X
LABOUR		
Weekly rate (\$)	\$487.29	A
Weeks/year	52	F
Normal time wages (\$)	\$25,339	X
Casual labour, 4 weeks leave (\$)	\$2,888	A (X)
Casual labour, 12 RDOs (\$)	\$1,534	A (X)
Total casual labour (\$)	\$4,422	X
<p style="text-align: center;">Grade 3. Transport Industry (NSW) Award rate for driver for 40 hours/week. (Overtime calculated on 38 hours)</p>		
<p style="text-align: center;">Includes 15% plus 1/12 loading</p>		
Total hours per 4K TD/A	2333	F
% Overtime per 4K TD/A	13.00	F
Equiv normal time hours /A	303.29	F
Overtime cost (\$)	\$3,695	X



Based on criteria established for Lidcombe 8 (8tonne vehicles) Zone 1.

Sydney Consumer Price Index (All Groups Index) June Quarter 1997.

LABOUR (continued)			
Superannuation (\$)	1,520.34	A (X)	6% normal time wage, (Superannuation Guarantee legislation)
Long service leave (\$)	\$0	A (N)	Not applicable
Leave loading (\$)	\$487.29	A (N)	25% of 4 weeks normal time wage = 1 week
Workers comp insurance (\$)	2,648.75	A (X)	of normal wages, casual labour.
Total labour oncosts (\$)	\$4,656	X	
TOTAL LABOUR COST (\$)	\$38,112	X	
Split of overtime labour			
% charged to running cost	25%	F	
% charged to fixed labour cost	75%	F	
Total overtime cost (\$)	3695	X	
Total workers comp insurance (\$)	329	X	8.9% overtime cost
"Running cost" labour (\$)	\$1,006	X	
"FIXED COST" LABOUR (\$)	\$37,106	X	
OWNERSHIP & OVERHEAD COSTS			
Depreciation (\$)	\$4,500	F	\$60,000 incl. Truck + crane depreciated over 10 years straight line with Average age of fleet 20 years, Average value of fleet \$40,000
Reg'n, CTP insur & permit (\$)	\$2,080	B (X)	Truck registration * \$901 CTP ins. * \$1,179.00
Insurance excl workers comp (\$)	\$1,670	B (X)	Truck and crane comprehensive : 3.0% Public liab. \$140.00
Administration costs (\$)	\$1,375	C (X)	Accountants fee \$800, filing fee \$175, postage/telephone & miscellaneous \$400
Incorporation fee (\$)	\$105	F	\$1050 amortized over 10 years
Profit on FC + ownership (\$)	5,620.37	F	
12% TFC			
TOTAL O & O COSTS (\$)	\$15,350	X	*Truck registration based on 8 tonne International.
RUNNING COSTS			
Fuel - based on km travelled	\$0,748	B	AOC average pump price distillate fuel
Fuel Cost (\$/litre)	43562	X	
Total km travelled	45	F	2.2 km/litre
Fuel consumption (litres/100km)		X	
Truck fuel cost (\$)	\$14,663	X	

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RUNNING COSTS (continued)			
Repairs & servicing - all time based			
Routine services per year	4	F	
Hours per routine service	4	F	
Workshop cost (\$/hour)	\$55.00	B	
Materials for routine service (\$)	\$227	C	
Routine service cost per year (\$)	\$1,788	X	
Minor R & M (hours/week)	2	F	
Truck working weeks/year	52	F	
Mechanic cost (\$/hour)	\$15.98	B	
Minor R & M cost per year	\$1,661	X	
Provision for major R & M (\$)	\$3,000	C	
Total servicing, R & M cost (\$)	\$6,449	X	
Tyres - based on km travelled			
No. of new tyres - radial steer	2	F	
Cost of new tyre (\$ each)	\$655	B	
Cost of new tyres (\$)	815.23	X	
No. of recaps - rear drive	4	F	
Cost of recaps (\$ each)	\$150.00	B	
Cost of recaps (\$)	\$653	X	
Expected no. of punctures	12	F	
Cost of puncture repair (\$ each)	\$30	C	
Cost of punctures (\$)	\$360	X	
Total tyre cost (\$)	\$1,829	X	
"Running cost" labour (\$)	\$1,006	X	
TOTAL RUNNING COSTS (\$)	\$23,947	X	
Total Running Cost per Km	\$0.55		
Running cost /TD	\$4.79	X	
% margin allowed on running cost	12%	F	
PAID RATE (per TD)	\$5.36	X	

Filters	Air in p a	\$64.00	Air out p a	\$0.00	Oil	\$79.00	Water	\$0.00
	Fuel	\$32.00	Renew oil	\$100.00				

International truck workshop rate

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43562 = Average km for 4K TD/year Expected life 70000 km
 Beaupaire SP370 11R22.5 contact Mike O'Brien 648-3311 - Beaupaire Silverwater

43562 Average km for 4K TD/year Expected life of 40000 km

Allow 1 puncture per month
 Typical cost

43562 Km allowed above

Rounded to nearest whole cent

RICCURETIX

	PRODUCTIVITY (Tonne - Drops per annum)										
	3500	3600	3700	3800	3900	4000	4100	4200	4300	4400	4500
"Fixed Cost" Labour (\$)	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106
Ownership & Overhead Cost + Profit (\$)	15,350	15,350	15,350	15,350	15,350	15,350	15,350	15,350	15,350	15,350	15,350
Running cost + Profit (\$)/TD	\$5.36	18,781	19,317	19,853	20,389	20,925	21,461	21,997	22,533	23,069	23,605
CC OPERATING COST TO K&S (\$)	\$71,237	\$71,773	\$72,309	\$72,845	\$73,381	\$73,917	\$74,453	\$74,989	\$75,525	\$76,061	\$76,597
CC OPERATING COST/TD TO K&S (\$)	\$20.35	\$19.94	\$19.54	\$19.17	\$18.82	\$18.48	\$18.16	\$17.85	\$17.56	\$17.29	\$17.02
PAID CARTAGE/TD - ZONE 1.	\$20.35	\$19.94	\$19.54	\$19.17	\$18.82	\$18.48	\$18.16	\$17.85	\$17.56	\$17.29	\$17.02
Gross CC Income /A - Zone 1. (\$)	\$71,237	\$71,773	\$72,309	\$72,845	\$73,381	\$73,917	\$74,453	\$74,989	\$75,525	\$76,061	\$76,597

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	PRODUCTIVITY (Tonne - Drops per Annum)										
	4600	4700	4800	4900	5000	5100	5200	5300	5400	5500	5600
"Fixed Cost" Labour (\$) Ownership & Overhead Cost+Profit (\$) Running Cost + Profit (\$)/TD	\$37,106 15,350 24,677	\$37,106 15,350 25,213	\$37,106 15,350 25,749	\$37,106 15,350 26,285	\$37,106 15,350 26,821	\$37,106 15,350 27,357	\$37,106 15,350 27,893	\$37,106 15,350 28,429	\$37,106 15,350 28,965	\$37,106 15,350 29,501	\$37,106 15,350 30,037
CC OPERATING COST TO K&S (\$) CC OPERATING COST/TD TO K&S (\$)	\$77,133 \$16.77	\$77,669 \$16.53	\$78,205 \$16.29	\$78,741 \$16.07	\$79,277 \$15.86	\$79,813 \$15.65	\$80,349 \$15.45	\$80,885 \$15.26	\$81,421 \$15.08	\$81,957 \$14.90	\$82,493 \$14.73
PAID CARTAGE/TD - ZONE 1.	\$16.77	\$16.53	\$16.29	\$16.07	\$15.86	\$15.65	\$15.45	\$15.26	\$15.08	\$14.90	\$14.73
Gross CC Income /A - Zone 1. (\$) Gross CC Income /A - Zone 1. (\$)	\$77,133 \$77,133	\$77,669 \$77,669	\$78,205 \$78,205	\$78,741 \$78,741	\$79,277 \$79,277	\$79,813 \$79,813	\$80,349 \$80,349	\$80,885 \$80,885	\$81,421 \$81,421	\$81,957 \$81,957	\$82,493 \$82,493

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	PRODUCTIVITY (Tonne - Drops per annum)										
	5700	5800	5900	6000	6100	6200	6300	6400	6500	6600	6700
"Fixed Cost" Labour (\$)	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106	\$37,106
Ownership & Overhead Cost + Profit (\$)	15,350	15,350	15,350	15,350	15,350	15,350	15,350	15,350	15,350	15,350	15,350
Running cost + Profit (\$)/TD	\$5.36	30,573	31,109	31,645	32,181	32,717	33,253	33,789	34,325	34,861	35,397
CC OPERATING COST TO K&S (\$)	\$83,029	\$83,565	\$84,101	\$84,637	\$85,173	\$85,709	\$86,245	\$86,781	\$87,317	\$87,853	\$88,389
CC OPERATING COST/TD TO K&S (\$)	\$14.57	\$14.41	\$14.25	\$14.11	\$13.96	\$13.82	\$13.69	\$13.56	\$13.43	\$13.31	\$13.19
PAID CARTAGE/TD - ZONE 1.	\$14.57	\$14.41	\$14.25	\$14.11	\$13.96	\$13.82	\$13.69	\$13.56	\$13.43	\$13.31	\$13.19
Gross CC Income /A - Zone 1. (\$)	\$83,049	\$83,578	\$84,075	\$84,660	\$85,156	\$85,684	\$86,247	\$86,784	\$87,295	\$87,846	\$88,373

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NOTES FORMING PART OF CONTRACT SCHEDULE A

APPLICATION OF UTILIZATION RATES



The table of utilization rates calculated above are the mid points of 100 tonne-drops/year productivity steps, e.g. the 4500 tonne-drops/truck/year rate applies for productivity between 4451 and 4550 tonne-drops/truck/year.

The appropriate utilization rate to be paid shall be based on quarterly reviews of truck productivity as provided for in clause 4.10 of the Contract Agreement. Average annual truck productivity shall be calculated in accordance with clauses 4.1c) and 4.1d) of the Contract Agreement on a moving annual total basis except for the first 4 quarters, for which the productivity will be as follows:

Start for Quarter 1 = 4000 tonne-drops/truck/year

Quarter 2 = (Start/ks1) + actual productivity quarter 1 (tonne-drops/truck/year.)

Quarter 3 = (Start/ks2) + actual prod qtr. 1 + 2.(tonne-drops/truck/year.

Quarter 4 = (Start/4) + actual prod qtr. 1+2+3 (tonne-drops/truck/year.)

Quarter 5 = (Actual productivity quarter 1+2+3+4 (tonne-drops/truck/year.)

Utilization rates of less than 3500 tonne-drops/truck/year will be paid at the rate for 3500tonne-drops/truck/year.

VARIATION IN UTILIZATION RATES

Where a recalculation of the above table of utilization rates, at a half-yearly review, varies the 5000tonne-drops/truck/year rate by an amount equal to or greater than 3%, then the recalculated table of utilization rates will apply until the next half-yearly rate review. If the variation in the recalculated rate is less than 3% then the existing rate will continue to apply until the next half-yearly rate review.

Example: The utilization rate for 5000tonne-drops/truck/year in the table above is \$15.56. A rate review calculates the new rate to be \$16.30. As the increase is only 2.8%, the existing rate of \$15.56. continues to be paid.

For the purposes of the recalculation of the table of utilization rates:

- Items of data marked "A" to be varied by any change in the Transport Industry Mixed Enterprises (State) Award grade 3 driver.
- Items of data marked "B" to be varied by actual changes in cost.
- Items of data marked "C" to be varied by the % change in the Sydney Consumer Price Index (All Groups Index Number) for the quarter immediately preceding the rate review. Base CPI for percentage change to the June 1997 quarter = 126.20
- Items of data marked "D" to be the actual average annual truck productivity.
- Items of data marked "E" are fixed for the terms of the Contract Agreement unless both parties agree that circumstances are sufficiently changed to warrant alteration.
- Items marked "X" are calculated from the items of data "A", "B", "C", "D" and "E".

NOTES FORMING PART OF CONTRACT SCHEDULE A (continued)

SAFETY NET, CALCULATION OF WORKING DAYS

For the purposes of Safety Net adjustment, the 242 working days per annum which the Carrier will have his truck available for work is made up as follows:

52 weeks x 5 week days	= 260 days
less Annual Leave	= 20
less Public Holidays	= 10
less Rostered Days Off	= 12
less Sick Leave	= 8
plus casual labour payment for Annual Leave	= 20
plus casual labour payment for 3 RDOS	= 12

TOTAL WORKING DAYS	= 242 days



The earnings safety net per year as provided for in clause 5.1 of the Contract of Carriage shall be the sum of the "Fixed" Cost Labour plus the Overtime and Overhead Cost.

When at half-yearly review, a recalculation of the above table of utilization rates results in a change in the utilization rates to be paid, the earnings safety net per year shall be varied according to the recalculated "Fixed" Cost Labour and Overhead Cost.

At the commencement of the Contract of Carriage the earnings safety net per year will be: **\$37106 + \$15350 = \$52456.**

EARNINGS SAFETY NET

SCHEDULE A - UTILIZATION CARTAGE RATES FOR K&S SMORGON BUSINESS UNIT - LIDCOMBE: 12 TONNE.(X)

<p>CPI INDICES Base Index - June Quarter 1997: Index at review</p>	<p>120.2 120.2</p>	<p>F B</p>	<p>Sydney Consumer Price Index (All Groups Index) June Quarter 1997.</p>
<p>PRODUCTIVITY Volume (Tonne drops per annum) Working days/year Average tonne-drops/day Tonne-drops /year Paid km/year Paid km / total km ratio Total km/year</p>	<p>5000 242 20.66 5000 29482 100% 29482</p>	<p>D D D F X X F X</p>	<p>Based on criteria established for Lidcombe 12 tonne vehicles. Zone 1.</p>
<p>LABOUR Weekly rate (\$) / Weeks/year Normal time wages (\$) / Casual labour, 4 weeks leave (\$) / Casual labour, 12 RDOs (\$) / Total casual labour (\$)</p>	<p>\$496,98 / 52 \$25,843 \$2,946 \$1,564 \$4,510</p>	<p>A F X A (X) A (X) X</p>	<p>Grade 4. Transport Industry (NSW) Award rate for driver for 40 hours/week. (Overtime calculated on 38 hours) \$16.29 Includes 15% plus 1/12 loading</p>
<p>Total hours per 4K TD/A % Overtime per 4K TD/A Equiv normal time hours /A Overtime cost (\$)</p>	<p>1992 14.00 278.88 \$3,465</p>	<p>F F F X</p>	



LABOUR (continued)			
Superannuation (\$)	1,550.58	A (X)	6%
Long service leave (\$)	\$0	A (X)	normal time wage, (Superannuation Guarantee legislation) Not applicable
Leave loading (\$)	\$497	A (X)	25% of 4 weeks normal time wage = 1 week
Workers comp insurance (\$)	2,701.42	A (X)	8.9% of normal wages, casual labour.
Total labour oncosts (\$)	\$4,749	X	
TOTAL LABOUR COST (\$)			
	\$38,567	X	
Split of overtime labour			
% charged to running cost	25%	F	
% charged to fixed labour cost	75%	F	
Total overtime cost (\$)	3465	X	
Total workers comp insurance (\$)	308	X	8.9% = 8.9% of overtime cost
"Running cost" labour (\$)	\$943	X	
"FIXED COST" LABOUR (\$)	\$37,624	X	
OWNERSHIP & OVERHEAD COSTS			
Depreciation (\$)	\$4,000	F	\$50,000 fuel Truck + crane. depr. 10yrs at line with \$10,000 residual
Reg'n, CTP Insur & permit (\$)	\$2,353	B (X)	Average age of fleet 20 years, Average value of fleet \$40,000
Insurance excl workers comp (\$)	\$1,400	B (X)	Truck registration * \$1,174 CTP Ins. * \$1,179,000 Truck + crane comprehensive: 3% Public liab. \$140
Administration costs (\$)	\$1,375	C (X)	Accounts fee \$800, filing fee \$175, postage/telephone & miscellaneous \$400
Incorporation fee (\$)	\$105	F	\$1050 amortized over 10 years
Profit on fixed costs + ownership	\$5,622.79	F	
12% TFC			
TOTAL O & O COSTS (\$)	\$14,856	X	*Truck registration based on International 12 tonne.
RUNNING COSTS			
Fuel - based on km travelled	\$0.748	B	ACCC average pump price distillate fuel
Fuel Cost (\$/litre)	29482	X	
Total km travelled	50	F	2 km/litre
Fuel consumption (litres/100km)	\$11,026	X	
Truck fuel cost (\$)			

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RUNNING COSTS (continued)		Repairs & servicing - all time based	
Routine services per year	4	F	
Hours per routine service	4	F	
Workshop cost (\$/hour)	\$55.00	B	
Materials for routine service (\$)	293.25	C	
Routine service cost per year (\$)	\$2,053	X	
Minor R & M (hours/week)	2	F	
Truck working weeks/year	52	F	
Mechanic cost (\$/hour)	\$25.00	B	
Minor R & M cost per year	\$2,600	X	
Provision for major R & M (\$)	\$3,000	C	
Total servicing, R & M cost (\$)	\$7,653	X	
Tyres - based on km travelled			
No. of new tyres - radial steer	2	F	
Cost of new tyre (\$ each)	\$655	B	
Cost of new tyres (\$)	\$51.73	X	
No. of recaps - rear drive	8	F	
Cost of recaps (\$ each)	\$150.00	B	
Cost of recaps (\$)	\$884	X	
Expected no. of punctures	12	F	
Cost of puncture repair (\$ each)	\$30	C	
Cost of punctures (\$)	\$360	X	
Total tyre cost (\$)	\$1,796	X	
"Running cost" labour (\$)	\$943	X	
TOTAL RUNNING COSTS (\$)	\$21,419	X	
Total Running Cost per Km	\$0.73		
Running cost /TD/Km	\$4.28	X	
% margin allowed on running cost	12%	F	
PAID RATE (per TD)	\$4.80	X	

29482	Average km for 4K TD/year	Expected life of	70000	km
29482	Allow 1 puncture per month Typical cost			
29482	Km allowed above			

29482	- Average km for 4K TD/year	Expected life	70000	km
29482	Beaurapaire SP370 11R22.5 contact Mike O'Brien 648-3311 - Beaurapaire Silverwater			

Oil	\$79	Water	\$40
International truck workshop rate			
Air in p.a.	\$64	Air out.	\$105
Fuel	\$32	Renew oil	\$100

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Rounded to nearest whole cent

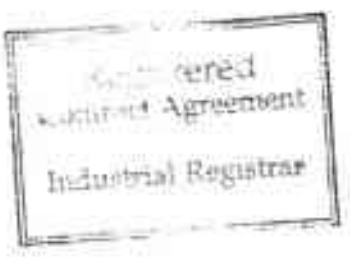
	PRODUCTIVITY (Tonne - Drops per annum)										
	3500	3600	3700	3800	3900	4000	4100	4200	4300	4400	4500
"Fixed Cost" Labour (\$) Ownership & Overhead Cost + Profit (\$) Running cost + Profit (\$)/TD \$4.80	\$37,624 14,856 16,789	\$37,624 14,856 17,269	\$37,624 14,856 17,749	\$37,624 14,856 18,229	\$37,624 14,856 18,709	\$37,624 14,856 19,189	\$37,624 14,856 19,669	\$37,624 14,856 20,149	\$37,624 14,856 20,629	\$37,624 14,856 21,109	\$37,624 14,856 21,589
CC OPERATING COST to K&S (\$) CC OPERATING COST/TD TO K&S (\$) \$19.79	\$69,268 \$19.79	\$69,748 \$19.37	\$70,228 \$18.98	\$70,708 \$18.61	\$71,188 \$18.25	\$71,668 \$17.92	\$72,148 \$17.60	\$72,628 \$17.29	\$73,108 \$17.00	\$73,588 \$16.72	\$74,068 \$16.46
PAID CARTAGE/TD - ZONE 1. \$19.79	\$19.37	\$18.98	\$18.61	\$18.25	\$17.92	\$17.60	\$17.29	\$17.00	\$16.72	\$16.46	
Gross CC Income /A - Zone 1. (\$) \$69,268	\$69,748	\$70,228	\$70,708	\$71,188	\$71,668	\$72,148	\$72,628	\$73,108	\$73,588	\$74,068	



	PRODUCTIVITY (Tonne - Drops per Annum)										
	4600	4700	4800	4900	5000	5100	5200	5300	5400	5500	5600
"Fixed Cost" Labour (\$)	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624
Ownership & Overhead Cost+Profit (\$)	14,856	14,856	14,856	14,856	14,856	14,856	14,856	14,856	14,856	14,856	14,856
Running Cost + Profit (\$)/TD	22,069	22,549	23,029	23,509	23,989	24,469	24,949	25,429	25,909	26,389	26,869
CC OPERATING COST TO K&S (\$)	\$74,548	\$75,028	\$75,508	\$75,988	\$76,468	\$76,948	\$77,428	\$77,908	\$78,388	\$78,868	\$79,348
CC OPERATING COST/TD TO K&S (\$)	\$16.21	\$15.96	\$15.73	\$15.51	\$15.29	\$15.09	\$14.89	\$14.70	\$14.52	\$14.34	\$14.17
PAID CARTAGE/TD - ZONE 1.	\$16.21	\$15.96	\$15.73	\$15.51	\$15.29	\$15.09	\$14.89	\$14.70	\$14.52	\$14.34	\$14.17
Gross CC Income /A - Zone 1. (\$)	\$74,548	\$75,028	\$75,508	\$75,988	\$76,468	\$76,948	\$77,428	\$77,908	\$78,388	\$78,868	\$79,348



	PRODUCTIVITY (Tonne - Drops per annum)										
	5700	5800	5900	6000	6100	6200	6300	6400	6500	6600	6700
"Fixed Cost" Labour (\$)	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624	\$37,624
Ownership & Overhead Cost + Profit (\$)	14,856	14,856	14,856	14,856	14,856	14,856	14,856	14,856	14,856	14,856	14,856
Running cost + Profit (\$)/TD	27,349	27,829	28,309	28,789	29,269	29,749	30,229	30,709	31,189	31,669	32,149
CC OPERATING COST TO K&S (\$)	\$79,828	\$80,308	\$80,788	\$81,268	\$81,748	\$82,228	\$82,708	\$83,188	\$83,668	\$84,148	\$84,628
CC OPERATING COST/TD TO K&S (\$)	\$14.00	\$13.85	\$13.69	\$13.54	\$13.40	\$13.26	\$13.13	\$13.00	\$12.87	\$12.75	\$12.63
PAID CARTAGE/TD - ZONE 1.	\$14.00	\$13.85	\$13.69	\$13.54	\$13.40	\$13.26	\$13.13	\$13.00	\$12.87	\$12.75	\$12.63
Gross CC Income /A - Zone 1. (\$)	\$79,800	\$80,330	\$80,771	\$81,240	\$81,740	\$82,212	\$82,719	\$83,200	\$83,655	\$84,150	\$84,621



NOTES FORMING PART OF CONTRACT SCHEDULE A

APPLICATION OF UTILIZATION RATES

The table of utilization rates calculated above are the mid points of 100 tonne-droper productivity steps, e.g. the 4500 tonne-drop rate applies for productivity between 4451 and 4550 tonne-drops/truck/year.

The appropriate utilization rate to be paid shall be based on quarterly reviews of truck productivity as provided for in clause 4.1(c) of the Contract Agreement. Average annual truck productivity shall be calculated in accordance with clauses 4.1(c) and 4.1(d) of the Contract Agreement on a moving annual total basis except for the first 4 quarters, for which the productivity will be as follows:

Start for Quarter 1 = 4000 tonne-drops/truck/year

Quarter 2 = (Start/4x3) + qtr 1 actual productivity, tonne-drops/truck/year.

Quarter 3 = (Start/4x2) + qtr 1 + qtr 2 actual productivity tonne-drops/truck/year.

Quarter 4 = (Start/4) + qtr 1 + qtr 2 + qtr 3 actual productivity tonne-drops/truck/year.

Quarter 5 = Qtr 1 + qtr 2 + qtr 3 + qtr 4 actual productivity tonne-drops/truck/year.

Utilization rates of less than 3500tonne-drops/truck/year will be paid at the rate for 3500tonne-drops/truck/year.

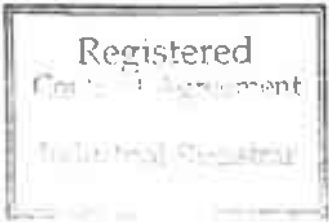
VARIATION IN UTILIZATION RATES

Where a recalculation of the above table of utilization rates, at a half-yearly review, varies the 5000tonne-drops/truck/year rate by an amount equal to or greater than 3%, then the recalculated table of utilization rates will apply until the next until the next half-yearly rate review. If the variation in the recalculated rate is less than 3% then the existing rate will continue to apply until the next half-yearly rate review.

Example: The utilization rate for 5000 tonne-drops/truck/year in the table above is \$15.74. A rate review calculates the new rate to be \$16.18. As the increase is only 2.8%, the existing rate of \$15.74, continues to be paid.

For the purposes of the recalculation of the table of utilization rates:

- Items of data marked "A" to be varied by any change in the Transport Industry Mixed Enterprises (State) Award grade 4 driver.
- Items of data marked "B" to be varied by actual change in cost.
- Items of data marked "C" to be varied by the % change in the Sydney Consumer Price Index (All Groups Index Number) for the quarter immediately preceding the rate review. Base CPI for percentage change to be June 1997 quarter = 120.20.
- Items of data marked "D" to be the paid productivity level at the date of the review.
- Items of data marked "E" are fixed for the term of the Contract Agreement unless both parties agree that circumstances are sufficiently changed to warrant alteration.
- Items marked "X" are calculated from the items of data "A", "B", "C", "D" and "E".



NOTES FORMING PART OF CONTRACT SCHEDULE A (continued)

SAFETY NET, CALCULATION OF WORKING DAYS

For the purposes of Safety Net adjustment, the 242 working days per annum which the Carrier will have his truck available for work is made up as follows:

52 weeks x 5 week days	= 260 days
less Annual Leave	= 20
less Public Holidays	= 10
less Rostered Days Off	= 12
less Sick Leave	= 8
plus casual labour payment for Annual leave	= 20
plus casual labour payment for 12 RDOs	= 12
TOTAL WORKING DAYS PER ANNUM:	242



EARNINGS SAFETY NET

The earnings safety net and per year as provided for in clause 5.1 of the Contract Agreement shall be the sum of the "Fixed" Cost Labour plus the Ownership and Overhead Cost.

When at half-yearly review, a recalculation of the above table of utilization rates results in a change in the utilization rates to be paid, the earnings safety net per year shall be varied according to the recalculated "Fixed" Cost Labour and Overhead Cost.

At the commencement of the Contract of Carriage the earnings safety net per year will be \$37634 + \$17107 = \$54731.

Registered
Contract Agreement
Industrial Registrar

K&S SMORGON BUSINESS UNIT

LIDCOMBE

CARRIERS CONTRACT AGREEMENT

B/D PRIMEMOVER (NON CRANE)

DAVID XUEREB
LEROY RUSSELL
WALLY HANSEN

S/D PRIMEMOVER (CRANE)

HERMAN KACZOROWSKI

8 TONNE BODY (CRANE)

ERNIE CRICHTON
ERIC COLEBROOK
KEVIN CONSTABLE
PAUL BISSAKER
IAN KEEVERS
FRANK SHERRY
CHRIS McCONNELL
ANDREW GARTREL

12 TONNE (CRANE)

TERRY VACONDIOS
PETER CASEY
ERNIE GADDES