

Port of Melbourne



10 FEBRUARY 2022

Port of Melbourne response to ESC 5-Year Review of compliance with the Pricing Order

As Australia's largest general cargo and container port, Port of Melbourne (PoM) has worked diligently over the past five years to meet our obligations to Government and the people of Victoria and "ensure the port remains a major seaborne trade gateway to the benefit of the Victorian economy".

There has been and will be no meaningful impact on prices paid by port users as a result of the matters raised by the ESC. Port tariffs have remained within annual CPI adjustments and will continue to do so under the Tariff Adjustment Limit that was set by Government at the time of the port lease. The ESC itself acknowledges that there has been no impact on prices paid by port users.

PoM is disappointed that the Essential Services Commission (ESC) report does not acknowledge that, over the past five years, we have worked to address and adapt our approach on a range of matters the ESC has raised with us. This demonstrates that the regulatory framework is working as it was designed to.

PoM has great respect for the regulatory framework that the Government put in place at the time of the port lease in 2016, and we strongly believe it is working as intended. The intent of the framework was to provide price certainty for users of the port while also creating certainty and facilitating investment that is critical to the Victorian economy. This is being achieved.

We continue to invest to support the growth of the Victorian economy. Over the last five years we have invested more than \$370 million in port infrastructure, we have restructured how rail works at the port, and we have worked with industry to respond to the immediate needs of bigger ships calling at Melbourne.

While we respect the ESC's observations for improvement and are keen to work with the ESC and State in this regard, we are deeply concerned that the ESC's conclusions that the regulatory framework does not have adequate incentives for compliance is based on a number of incorrect facts and legal interpretations.

Port of Melbourne is five years into our 50-year port lease. We remain the most heavily regulated port in the country.

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PoM is committed to working with the Government and the ESC on a path forward that maintains the regulatory certainty that will ensure PoM can make prudent and timely investment decisions in the long-term interest of the port, all users of the port freight supply chain and the people of Victoria.

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