

Regulator welcomes price-setting changes from port

17 December 2019

Port of Melbourne

Victoria's economic regulator has provided informal feedback on how the Port of Melbourne set its regulated prices for the 2019-20 financial year.

The Essential Services Commission says the port is calculating tariffs in a way that is more consistent with the government's pricing order, which contains the rules that the port must follow when setting prices each year.

In its [annual commentary on the port's price setting methodology](#), the commission noted that the port had responded to issues raised last year by providing more transparent financial information and consulted heavily with stakeholders.

However, the commission remains concerned about the port's benchmark rate of return and how it reports depreciation. While this has no immediate impact on prices it has implications for long term pricing.

The commission is responsible for administering regulations that govern how the port recovers its costs from port users.

It is due to undertake its first five-yearly assessment of the port's compliance with the pricing order after 1 July 2021. Outside of these compliance assessments, the commission provides informal feedback to the port and other interested stakeholders.

Interim commentaries form part of an ongoing discussion with the port and other stakeholders on how we view the regulations affecting the port's price setting process.

The port then has the opportunity to clarify and provide further justifications for some of its methods in future compliance statements.

The commission is also undertaking its first scheduled [inquiry into setting and reviewing land rents](#) at the Port of Melbourne.

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