



MEDIA RELEASE

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DRAFT REPORT CALLS FOR SCALE-BACK OF VICTORIAN PORTS REGULATION

Victoria's independent economic regulator, the Essential Services Commission, has recommended a scaling back in the regulation of the Victorian commercial ports.

In a draft report on the future regulatory framework for Victoria's ports, the Commission has recommended that the regional ports of Geelong and Portland, and current activities at the Port of Hastings, no longer be regulated.

It has recommended the deregulation of port prices for break-bulk (excluding motor vehicles), liquid bulk and dry bulk trades for all ports, including the Port of Melbourne.

The Commission's draft report has recommended that regulation through price monitoring be limited to port berth services for container and motor vehicle cargoes and to the shipping channel services using both the Port of Melbourne channels and the 'shared channels' at the entrance to Port Phillip Bay, used by ships visiting the ports of Melbourne and Geelong. Price monitoring of the ports is presently undertaken by the Commission in its role as the regulator of the ports sector.

The draft report recommends that shared shipping channel services currently provided by the Port of Melbourne be subject to the channels access regime, providing for a dispute resolution process in relation to any disputes over charges for the use of the shared channels.

It also recommends that the Victorian channels access regime be submitted for certification under Part IIIA of the Trade Practices Act by 2010.

ESC Chairperson Dr Ron Ben-David said the draft report's recommendations would promote competition and focus economic regulation on situations where it was needed to prevent any misuse of market power by ports.

"Our report recognises that the risk of market power being exercised at the regional ports is low, so we have recommended that price monitoring of regional ports be discontinued," he said.

"We believe the regional ports are now operating in increasingly sophisticated and competitive markets for the cargoes they handle."

Dr Ben-David said the draft report found that the Port of Melbourne Corporation retained the potential to exercise substantial market power in the provision of port services for containerised trades; however, the available evidence did not support a conclusion that it had misused its market power.

The Commission has therefore recommended that shipping channel services provided at the Port of Melbourne and berth services for container and motor vehicle trades should continue to be subject to the current light-handed economic regulatory regime for a further five-year period.

Copies of the Commission's draft report are available at www.esc.vic.gov.au. The Commission will submit in June its final report on the future regulatory framework for Victoria's ports.

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