

Regulator provides final feedback on port pricing methods before compliance review

Victoria's economic regulator has provided preliminary feedback on the methods used by the Port of Melbourne to demonstrate compliance with the government's pricing order.

The Essential Services Commission's [annual commentary on the port's tariff compliance statement](#) comes ahead of an inaugural review of the port's compliance with the pricing order next year.

The pricing order contains the rules that the port must follow when setting prices each year. The commission's role is to ensure the port complies with those rules.

Executive director of pricing Marcus Crudden says the commission's commentary provides feedback on aspects of the port's annual tariff compliance statements to ensure a transparent and predictable approach to the 2021 compliance review.

"This particular commentary focuses on how the port sets its weighted average cost of capital, which has a major impact on prices end users pay.

"We have raised some questions on whether the cost of capital used by the port is comparable to similar regulated infrastructure businesses," he said.

Mr Crudden said the commission was preparing to undertake its first five-yearly assessment of the port's compliance with the pricing order, to commence from 1 July 2021.

"Next year's compliance assessment will be a comprehensive review and provide an opportunity for stakeholders to be involved," he said

Interim commentaries form part of an ongoing discussion between the commission, the port and other stakeholders on 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.

For further information call: David Jarwood, Senior Media Advisor, 0492 805 003