



QUANTEM
BULK LIQUID STORAGE & HANDLING

Essential Services Commission
Level 37, 2 Lonsdale Street
Melbourne VIC 3000

(via email: transport@esc.vic.gov.au)

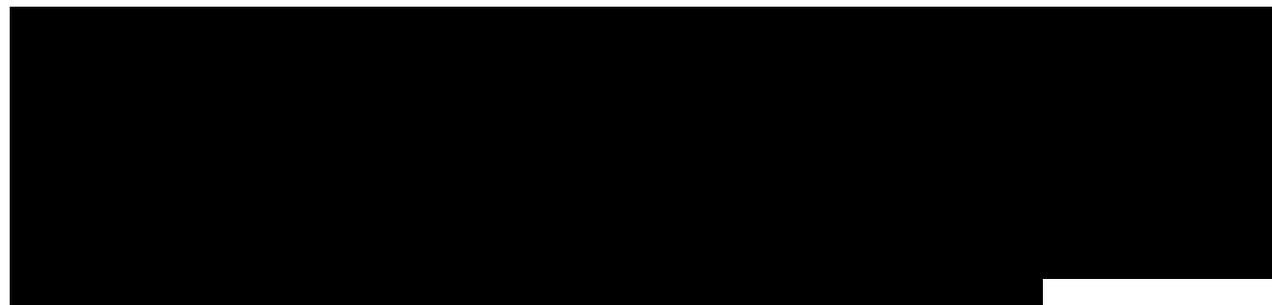
8 September 2021

Dear Sir/Madam

Quantem, Australia's leading bulk liquids storage and handling company, is pleased to provide comments on the Essential Services Commission's Inquiry into the Port of Melbourne's Compliance with the Victorian Government's Pricing Order (the Inquiry).

The business of storing bulk liquids often relies on long-term customer contracts (regularly 10+ years) and the consideration of even longer timeframes for critical investment decisions. It is in this context that Quantem provides the following perspectives for the Commission's consideration.

Of primary concern to Quantem is the Port of Melbourne's (the Port) intention to recover deferred depreciation through higher charges for prescribed services from no later than 2037 and as early as 2032. While charges for prescribed services are generally not payable by Quantem, they do impact our customers' profitability and the relative competitiveness of the Port with other destinations and, as such, have the potential to impact Quantem's business. Notwithstanding that Quantem has not been party to the Industry Consultation the Port notes that it has undertaken, the intention by the Port to "review (and consult on) the recovery of deferred depreciation and implementation of the tilted annuity depreciation methodology and [sic] as the end of the TAL period approaches"¹ does not appear to be sufficiently early to feed into strategic commercial decision-making processes.



Although less directly impacted by the pricing matters considered in this Inquiry, Quantem's tenancy at the Port of Melbourne is important and the company wishes to be kept up to date by the Commission and to assist with the Inquiry wherever possible. For any further information please contact Quantem's adviser on these matters, Gavin Jackman, on [REDACTED] or at [REDACTED]

Yours sincerely

Nick Moen
Chief Executive Officer

¹ Port of Melbourne 2021-22 Tariff Compliance Statement – General Statement 31 May 2021, p50