



28 May 2009

Andrew Chow
Director Regulatory Operations
Essential Services Commission
Level 2, 35 Spring Street
Melbourne, VIC, 3000

By email: andrew.chow@esc.vic.gov.au

Dear Andrew,

Review of the Victorian Ports Regulation 2009 – Draft Report

Asciano welcomes the opportunity to provide comments on the Review of the Victorian Ports Regulation 2009 – Draft Report.

Asciano supports the Essential Services Commission's ("the Commission") preliminary recommendation to deregulate port prices for breakbulk (excluding motor vehicles), liquid bulk and dry bulk trades in the Victorian ports. The Commission's findings that no Victorian port has market power for the provision of port services for bulk cargoes, that active rivalry and scope for new entry in the provision of port services for bulk cargoes is evident, and that long-term contracts do provide an opportunity for "captive" users to exercise some degree of countervailing market power is also supported.

Asciano agrees with the Commission's conclusions that the risk of market power being exercised at the Victorian regional ports is low, and that these markets are workably competitive for the cargoes they handle. The removal of the price monitoring regime for the Victorian regional ports would be a welcomed outcome that would reduce the regulatory burden and significant direct regulatory compliance costs associated with operating a port in Victoria.

Asciano believes the 'regulatory threat' of the Commission undertaking a review (on direction of the Victorian Government) and the possibility of reverting back to price monitoring, or even price capping (in extreme circumstances) will provide sufficient incentives for port operators to continue to operate in a fair and reasonable manner.

We look forward to the publication of the Final Report in June 2009. Should you have any questions in relation to the above comments please contact me on (02) 8484 8043, or alternatively Philip Dixon-Flint, Manager Access and Regulation on (02) 8484 8066.

Yours sincerely,

A handwritten signature in blue ink that reads "Tim Kuypers". The signature is written in a cursive style with a long, sweeping underline.

Dr Tim Kuypers
Group General Manager
Access & Regulation