

## Regulator finds port not fully compliant with pricing rules

Victoria's economic regulator has found that the Port of Melbourne has not been fully compliant with state government's legislative requirements for how it should set prices for services.

The finding came out of the Essential Services Commission's first scheduled five-yearly examination of the port's compliance with the Victorian Government's pricing order. It reported significant and sustained non-compliance by the port in three areas assessed as part of the inquiry, which covered the period of 1 July 2016 to 30 June 2021.

The pricing order contains the rules the port must follow when setting prices each year. The commission has a legislative role to periodically ensure the port complies with those rules.

Executive director of pricing Marcus Crudden says port users were not financially impacted by the port's non-compliance during the review period, but in future the impact of non-compliance could be felt not just by users of the port, but also Victorian consumers more broadly.

"The pricing order allows the port to recover efficient costs for providing services such as wharfage, channel use, berth or area hire and other services."

"We found that the port had significant and sustained non-compliance during the review period. This related to over-estimating its revenue requirement as a result of an overstated rate of return, as well as not effectively consulting with port users."

"The port's non-compliance undermines confidence in the regulatory framework, and could lead to increased import and export costs being passed on to Victorian consumers," he said.

The port has 21 days to request a review of the inquiry's findings by the Victorian Civil and Administrative Tribunal.

The Victorian Government may respond to the report if it considers the port has engaged in significant and sustained non-compliance.

The commission must conduct a formal inquiry every five years and provide a report to the Victorian Assistant Treasurer within six months of the end of a review period. The report has been published on the commission website at the Assistant Treasurer's request.

**For further information: Sam Ryan, Acting Head of Strategic Communication, 0437 677 385**

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