



30th May 2017

Mr Stuart Peevor
Manager Pricing and Access
2017 Ports Access and Pricing Review
Essential Services Commission of South Australia
Care of email: escosa@escosa.sa.gov.au

Dear Mr Peevor

Flinders Port Review

The Association of Mining and Exploration Companies (AMEC) is pleased to comment on the *Essential Services Commission review of the access and price regulation of major commercial ports in South Australia draft Report*.

AMEC represents many Australian mining companies, some of which are port users.

Australian emerging miners are faced by considerable cost pressures and are vulnerable to the influence of market power. The benefits to South Australia of ensuring that mining companies have a cost-effective point of egress are jobs, royalties and revenue.

The *Maritime Services (Access) Act 2000* reflects the current best Australian practice. The protection of the long-term interests of port customers through a similar regulatory mechanism that ensures both access and prices are fair and reasonable should be a priority in all jurisdictions.

The access and price regime that has been applied at Flinders Port has been a success. Between 2012 and 2017, the six South Australian proclaimed ports recorded the lowest increase in published Essential Maritime Services port charges compared to other comparator inter-state ports.

AMEC notes that the Report does not consider the weighted average cost of capital at Flinders Port or other ports. Future consideration of this important factor would increase transparency as to whether price gouging is occurring and ensuring that the "efficient price" is being charged.

South Australia is competing for investment both domestically and internationally. For this reason, the benchmarking of Flinders Ports competitiveness against other relevant international ports should also be included in future price benchmarking.

AMEC is supportive of the continuation of the existing price and access regime for a further five years due to the outcomes achieved. However, AMEC considers that future analysis and disclosure of the weighted average cost of capital at each domestic and international comparator port would provide greater insight into the pricing structure applied.

Association of Mining and Exploration Companies

Offices located in Perth and Brisbane. Please address all correspondence to:
PO Box 948, West Perth WA 6872 | 6 Ord Street, West Perth WA 6005
P: 1300 738 184 | F: 1300 738 185 | info@amec.org.au | www.amec.org.au

The draft report raises two possible enhancements to the existing regime. AMEC supports the standardisation of the services considered by the regime to promote certainty and transparency. AMEC also supports further consideration of the integration of rail into the access and price regime.

However, this must be done with acknowledgement of the differing pricing structures and market dynamics between railway and ports, with any integration of pricing and access regimes done in full consultation with industry.

On behalf of industry, AMEC benchmarks national port and port services fees and charges to highlight rent seeking behaviour and abuses of market power. The crucial role of ports as a means for emerging mining companies to get their goods to market makes these costs too important for industry to ignore.

I would be pleased to discuss the content of this submission, if considered necessary.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Simon Bennison', with a long horizontal flourish extending to the right.

Simon Bennison
Chief Executive Officer