



The Hon. Karlene Maywald MP

The South Australian Government has set the target of reducing red tape by 25% by July 2008. In principle, new and existing regulation is only supportable if the benefits outweigh the costs. Given the structure of the market for shipping services in South Australia, it would not be unreasonable to claim that market power could exist. Whether market power has been misused cannot be ascertained from the data, hence the need for further information to explain the price difference between SA and other jurisdictions.

Nevertheless, there would seem to be merit in continuing the current light handed approach to price monitoring, particularly considering the anticipated expansion of the mineral resources sector and the reforms in wheat and barley marketing arrangements. Ideally the regime should have low compliance costs for the port operator and not adversely affect their investment decisions, while at the same time providing pricing transparency for the users of the ports.

I understand that the Minister for Infrastructure will write to you separately and will provide a more comprehensive response to the Issues Paper, including responding to the questions it poses throughout.

I hope the above comments have been of use. I wish you well with this important review.

Yours sincerely

A handwritten signature in cursive script, appearing to read "K. Maywald".

Karlene Maywald

**MINISTER FOR REGIONAL DEVELOPMENT
MINISTER ASSISTING THE MINISTER FOR INDUSTRY AND TRADE**

29 March 2007