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SAIIR OPEN LETTER

PORTS PRICE REVIEW AND PORTS ACCESS REVIEW

The South Australian Independent Industry Regulator (SAIIR) will soon begin the Ports Price Review – one of the two major reviews of port regulation that it is required to conduct between now and 2005. The review will begin with the release of a Discussion Paper in November 2002.

The Ports Price Review is required under Section 7 of the *Maritime Services (Access) Act 2000* (the MSA Act). The SAIIR is to determine whether Essential Maritime Services (as defined in the Act) should continue to be subject to price regulation and, if so, the appropriate form of the regulation. The current system of price regulation involves a set of price caps that apply to certain port charges at the seven proclaimed ports, under Part 2 of the MSA Act (and the First Pricing Determination). The capped charges are known as the:

- ▲ Navigation Services Charge;
- ▲ Cargo Services Charge; and
- ▲ Harbour Services and Mooring Charge.

Further information about ports price regulation can be found in the SAIIR Information Paper “Regulation of South Australian Ports, June 2002”, which is available from the SAIIR website: www.saiir.sa.gov.au.

Importantly the SAIIR must look at both the IF of price regulation (is it needed?) and the HOW of price regulation (if so, how should it be done?). Logically, the consideration of HOW will follow the consideration of IF. The SAIIR will therefore begin by considering the IF of price regulation. That will mean looking at competition issues in relation to Essential Maritime Services. The opening Discussion Paper will cover, and seek comment on, appropriate ways of doing this.

While the process for the rest of the review will depend upon initial progress, key points of the process are that:

- ▲ the review will begin in November 2002;
- ▲ a Progress Report is planned around May 2003, explaining SAIIR conclusions on IF;
- ▲ the review will end mid-2004 and

- ▲ a new price determination (if required), should take effect by the start of 2005 (the earliest it can take effect is 31 October 2004).

A more detailed timetable will be established with the Progress Report.

Ports Access Review

The other major review that the SAIIR must undertake is the Ports Access Review. The Ports Access Review is a separate review which involves determining whether the ports access regime should continue in respect of Regulated Services. The ports access regime is contained in Part 3 of the MSA Act. Note that Regulated Services are not the same as Essential Maritime Services, although there is some overlap between the two. The Ports Access Review will begin from 31 October 2003.

Other matters

While the two reviews above are separate, the SAIIR expects that it will encounter some issues that run across both and some issues that relate to coordination between the two systems of regulation. Such matters are relevant to Section 9 of the MSA Act, which requires the SAIIR to keep maritime industries (generally) under review with a view to determining whether regulation or further regulation is required.

If necessary, the SAIIR will prepare an ancillary report to Government under Section 9 recommending any desirable legislative changes. Such a report will not affect the two reviews, but may work with them to seek the best possible outcome.

Registration of Interest

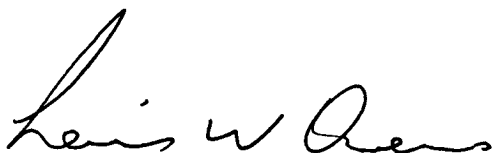
The SAIIR will alert stakeholders of the release of the November Discussion Paper, through e-mail alerts, targeted newspaper advertisements and the SAIIR newsletter. Those who received direct notification of this letter are already registered. Those not already registered with the SAIIR may do so via the subscription process on the SAIIR website (www.saiir.sa.gov.au) or by forwarding their contact details to:

Ports Reviews Registration of Interest

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Yours sincerely



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