



# PORT PIRIE REGIONAL DEVELOPMENT BOARD INC.

Incorporating the Port Pirie Regional Council and the District Council of  
Mt Remarkable and Northern Areas Council

9 June 2003

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Essential Services Commission of SA  
GPO Box 2605  
Adelaide SA 5001

Dear Sir/Madam

## **SUBMISSION - PORTS PRICE REVIEW**

The Port Pirie Regional Development Board (PPRDB) is pleased to make a submission in regard to the Ports Price Review.

It is the view of the PPRDB that some form of price control should be maintained due to the monopoly situation that exists. Although we have no evidence of Flinders Ports misusing their market power it is of concern that the opportunity exists. Without the power of competition we believe that price control should be maintained, at least for the 3 years beyond 31 October 2004.

Should there be no evidence of unfair pricing during the three year period commencing 31 October 2004, the next step may be to relax the price limits but develop an alternative control mechanism. Such control mechanism could be based on the port operator applying for specific price increases that they must be made to justify before being granted ie actual costs incurred or likely to be incurred. Simply aligning to CPI is not valid as household costs bear no relationship the operating costs associated with port operations.

Also of concern is the possibility that Flinders Ports may quietly let maintenance and upgrades at specific ports lapse (to some degree) where with the passage of time port services and infrastructure deteriorates ie while the operator concentrates on those ports that offer the best financial return.

Generally speaking the ports provide a service to the South Australian community (as a whole) and it is therefore important that port operators maintain close links with and support the individual communities that they serve. In other words there must be a workable balance between operating ports for the overall benefit of the community and return on investment for the owners of the ports.



In summary prices must be fair to provide an equitable return to the operator, however the operator has an obligation to maintain sufficient investment in each of the ports for the overall benefit of South Australia.

Yours faithfully

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

Mark Malcolm  
Executive Manager