



Hon Kevin Foley MP

Deputy Premier

Treasurer

Minister Assisting the Premier in Economic Development

Minister for Police

Minister for Federal/State Relations

TF03D06395  
TRS03D1569

Date: 13 OCT 2003

Mr Lew Owens  
Chairperson  
Essential Services Commission of South Australia  
GPO Box 2605  
ADELAIDE SA 5001

Dear Mr Owens

Thank you for providing me with a copy of ESCOSA's Ports Price Review – Draft Report. Please consider this letter a whole-of-Government response to the Draft Report's findings and recommendations.

I note ESCOSA's draft findings in relation to likely market power held by South Australia's regulated port operators. Given those draft findings, I agree that light-handed prices regulation of essential maritime services, via prices monitoring, would be an appropriate approach to continue prices regulation under the Maritime Services Act, subject to review by ESCOSA at the end of another three year period.

I also agree with ESCOSA's draft finding that bulk goods (principally grain) are likely to be subject to greater risk of uneconomic pricing than other goods as a result of regulated port operators exercising market power.

A negotiation/arbitration prices regulatory framework for cargo services seems appropriate in light of ESCOSA's draft findings in relation to market power. Further, adding cargo services (provision of wharves and marshalling areas) for bulk goods to the services regulated by the Ports Access Regime would appear to be the most efficient way to institute a negotiation/arbitration framework for those services.

Yours sincerely

Kevin Foley MP  
**DEPUTY PREMIER**  
**TREASURER**  
**MINISTER ASSISTING THE PREMIER IN ECONOMIC DEVELOPMENT**  
**MINISTER FOR POLICE**  
**MINISTER FOR FEDERAL/STATE RELATIONS**