

9 January 2019

Dr Patrick Walsh
Utilities Commissioner
Level 11, Charles Darwin Centre
19 The Mall
DARWIN NT 0800

BY EMAIL KIMBERLEE.MCKAY@NT.GOV.AU

Dear Sir

2019-2022 Prescribed Port Services Draft Price Determination For the Port of Darwin

We refer to your letter of 30 November 2018 inviting submissions from all interested parties in relation to the draft price determination for the Port of Darwin (*Draft Determination*).

Darwin Port makes the following submissions:

1. In item 6(b) of the Draft Determination, the Commission states that the basis upon which it intends to monitor price levels is benchmarking against changes in the National CPI.

Darwin Port submits that by specifying only the National CPI, the Commission is limiting the scope of matters that it can consider in monitoring price levels and by doing so, may fail to take into account all matters which impact the operating costs of Darwin Port. Darwin Port's operating costs are influenced by more than just those items that are considered in the CPI. The CPI relates to changes in the price of a "basket" of goods and services for residential households and does not reflect the changes in costs base for business. For example, a significant portion of Darwin Port's operating costs is labour and therefore the Wages Price Index is also a relevant consideration. Darwin Port proposes that the Commission include a more general statement that it will have regard to such other matters as may impact the Darwin Port's operating costs and which are not properly reflected in the National CPI.

2. In item 13(k) of the Draft Determination, the Commission states its intention is to commence publishing an annual price monitoring report for the Port of Darwin.

Darwin Port acknowledges the importance of providing potential access seekers with transparent pricing information on a regular basis. However, Darwin Port notes that the process involved in preparing the price monitoring report in the course of 2018 was extremely time consuming and imposed a significant additional administrative burden and cost on Darwin Port to ensure that the content of the report was accurate and not misleading to potential port users.

Darwin Port submits that:

- a. The current provisions of the draft determination are sufficient to provide the Commission with the option to prepare a price monitoring report as required and no changes are required to the Draft Determination.
- b. The Commission should engage with Darwin Port to agree a methodology for future price monitoring reports to ensure that the price monitoring does not result in Darwin Port incurring unnecessary costs and expenses which would ultimately need to be recovered from port users.

Should you have any questions or wish to discuss any matter set out in this submission, please do not hesitate to contact me or my delegated contact Katherine-Anne Waldron on 08 8919 0823 or Katherine.Waldron@darwinport.com.au.

Sincerely



TERRY O'CONNOR
Chief Executive