



HPH

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Essential Services Commission
Level 2
35 Spring St
Melbourne
VIC 3000
Australia

3 September 2007

Dear Sir/Madam

Please find enclosed Hutchison Port Holdings' submission in response to the Essential Services Commission 2007, *Review of Port Planning: Issues Paper*.

Please note that it refers in part to commercial-in-confidence information. As marked in the submission, this information forms the section headed "HPH's demonstrated commitment to Victoria".

It is very important to Hutchison Port Holdings that this information remains in confidence and is not made public.

We would be pleased to provide any further information pursuant to the above.

Yours sincerely
For and on behalf of
Hutchison Port Holdings Limited



Raymond Law
Group Director – Port & Strategic Investments



A Hutchison whampoa company



HPH

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Essential Services Commission
Level 2
35 Spring St
Melbourne
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3 September 2007

Dear Sir/Madam

**Re: Response of Hutchison Port Holdings (HPH) to the Essential Services Commission 2007,
*Review of Port Planning: Issues Paper***

Hutchison Port Holdings (HPH) welcomes the Essential Services Commission's review of the impact of port planning on competition in the provision of container stevedoring and related services in Victorian ports.

We also welcome the opportunity to respond to the *Issues Paper* and participate in this important debate. This is especially so given HPH's long-term interest in Victorian ports and our recent experience which is an example of the constraints imposed by the current policy settings.

HPH supports this review and believes it provides an excellent opportunity for a re-examination of policy settings to ensure Victoria remains at the forefront of the stevedoring industry in Australia.

HPH's experience and expertise in container terminals

HPH is the world's leading developer and operator of ports. We operate 45 ports in 23 countries around the world – comprising more than 75 kilometres of quayline, 300 quay cranes and 750 yard cranes. We handled 59.3 million TEUs in 2006.

HPH brings the world's best practice in port design, operation and technology to the ports in which it operates. We are an industry leader in applying technologies to strengthen a country's entire transportation and logistics chain.

 (commercial-in-confidence)



A Hutchison Whampoa Company



The benefits of competition in container terminals

HPH believes there is a compelling case to support increased competition in the stevedoring industry in Victoria and Australia. We submit that competition will serve to boost jobs, productivity, development and economic efficiency in Victoria.

More broadly, competition in container handling will be of considerable benefit to the Australian market and supply chain. We recognise that as the Australian economy expands and becomes more globally-oriented, its ports are outgrowing the current two-operator model. Operations are already constrained by off-schedule arrival of vessels, port congestion and other inefficiencies. The time has come for a third operator to boost efficiency and effectiveness – in Melbourne and at Australia's other major ports

HPH has followed with interest both the ACCC and industry discussions about the benefits of greater competition in the Australian container terminal industry. We believe an independent third operator will deliver many benefits, including:

- improving value for money in customer service;
- increasing competitive tension on pricing;
- stimulating additional investment in efficient modern equipment and information technology systems;
- providing access to new customers;
- increasing employment opportunities, boosting the local economy; and
- boosting downstream industries – especially in ground transport.

As the world's largest stevedoring operator, HPH has seen these benefits at work. We operate terminals at many of the most competitive ports around the world and are uniquely placed to understand the benefits to be derived from a competitive environment.

We recognise the opportunity for the Victorian Government to provide leadership with the development of a framework to allow competition issues to come to the forefront.

An urgent issue for Victoria

With the current policy settings preventing consideration of new developments at the Port of Melbourne until 2017, Victoria has been denied access to the container terminal development opportunities available in the Australian and global markets.

The Port of Brisbane in Queensland has opened its new berthing facilities to a third operator through a major international tender responded to by many of the world's most significant stevedores. Recent changes to the policy settings for Port Botany in New South Wales are likely to result in an open tender for new berths in the coming months.

It is of crucial importance that Victoria acts now to adjust its own policy settings to provide grounds for a more competitive market for the operation of new berths in Melbourne. Failing to allow for the development of potential proposals could result in Victoria's ports losing their status as the premier container handling ports in Australia and falling behind other states' facilities.

The current review provides an excellent opportunity for Victoria to retain its leadership role in the stevedoring industry.

HPH is strongly committed to the Australian stevedoring market and will welcome the opportunity to participate in future developments in Victoria.

HPH is very pleased to have had the opportunity to contribute to the deliberations of the Essential Services Commission on this very important issue for Victoria and Australia. We look forward to pursuing investment opportunities in Victoria that may arise from this process.

Yours sincerely
For and on behalf of
Hutchison Port Holdings Limited

A handwritten signature in black ink, appearing to read 'Raymond Law', with a large, stylized flourish extending upwards and to the left. The signature is written over a circular stamp or mark.

Raymond Law
Group Director - Port & Strategic Investments