

Infrastructure Victoria Preparing Advice on Victoria's Future Port Capacity

Discussion Paper Response.

Question 1: When will we need a second port?

Key Questions

Have we missed any key factors that may influence demand and capacity at the Port of Melbourne?

Trade allocation to alternative commercial ports: There is a real opportunity to divert liquid, solid and break bulk trade to the Port of Geelong in order to prolong the life of the Port of Melbourne. The brief should therefore look at interim constraints that might require the relocation of bulk commodities.

Ship size: Whilst we recognise that transcontinental ships are getting both longer and wider IV should consider the likelihood of these larger ships ever coming to Victoria given the capacity of all other Australian capital ports.

ARef: Parsons, Dr Hermione and Van Duyn, Peter 2014, *Build it – but will they come?*, Victoria University

Much of the discussion has been centred on a long-term “final “ ship size. What is of equal importance is the increments in ship sizes that will drive change to the footprint at the Port of Melbourne before it reaches its ultimate capacity.

Road and Rail transport accessibility: It is not certain that the current land, road and rail infrastructure will be able to accommodate movements of 8 million TEU. Serious consideration should be given to providing an intermodal hub some distance from the Port of Melbourne to allow for freight assembly on land considerable cheaper than wharf side.

Should the Baywest site be selected then this would support the early development of a “dry port” at Avalon or the "inland port" options to the west of Port Phillip Bay, such as the Western Interstate Freight Terminal at Truganina.

Ref: Fraser, Luke, 2016, *Geelong Economic Futures: Avalon Victoria's Future Freight Precinct*, Deakin University Centre for Regional and Rural Futures

Port Efficiency/Productivity: Consideration should be given to current and future operation of the Port of Melbourne (particularly as it is now under new management) to ensure maximum efficiency/productivity is achieved. This could be extended to look at the productivity of logistics network including other ports such as Geelong.

Capacity of the Port of Geelong: The Port of Geelong plays a critical supporting role to the Port of Melbourne and will continue to do so and could play a larger role. The future role and capacity of the Port of Geelong should therefore be a key consideration for the future freight movements for Victoria.

Which key factors are likely to have the greatest influence on demand and capacity at the Port of Melbourne?

Port capacity is a supply chain issue and changes in any element of the supply chain has a knock on effect, thus capacity needs to be judged in a holistic fashion. While certain factors will be more pertinent at different times and under different circumstances. Clearly the overall trading environment and economy of the State and Australia are vital in terms of demand. However the physical attributes of the port both marine side, wharf side and the transport systems beyond are the practical drivers of capacity.

What do you view as the key links and interactions between key factors

The interaction between ship size, port land side supply chain costs, competition and regulation linked to road and rail accessibility is key.

Longevity of the Port of Melbourne is a key objective on the premise that it is most cost effective to maximise existing infrastructure rather than construct new therefore ensuring ports such as Geelong are developed and have capacity to accept non container trade volumes is important as this could release valuable space for container trade at the Port of Melbourne.

Societal and environmental expectations should not be underestimated particularly in relation to transport issues to and from the port.

Question 2: Where should the second port be?

Key Questions

Do you think we have missed any important criteria for assessment of the sites?

Inevitably judgements in relation to assumptions used during the analysis of the various factors mentioned will need to be made. An understanding of these will be important to the process. No mention is made of a formal cost benefit analysis although all the elements required are included in the assessment criteria. If the intention is to complete one then this should be made clear, or if not the reasons why.

Economic Factors: The current and future distribution of supply chain and markets around Melbourne should be a consideration. Currently 72% of Melbourne's freight distribution is in the inner western and northern suburbs. Exporters are also weighted to the west and north.

Ref: MacroplanDimasi, 2015, Baywest, Avalon/Linfox

The decision around the location of a second container port and the connecting transport network will impact on the supply chain costs and therefore competitiveness of these commodities. The decision will also have significant impact on land use planning and investment in freight distribution. Therefore the impact on the Regional Economy could be considerable.

Social Factors: The new container port and associated infrastructure will provide a significant number of jobs both in construction and operation.

This has been noted as an economic factor – i.e. access to skilled workers, however it is also a social factor. Therefore the catchment area for workers together with current socio-economic conditions and State Government Policy on maximising employment opportunities for all should be a consideration.

Environmental Factors: Whilst the paper recognises the relative impact on the marine environment for the two sites, the risk factors associated with known technology (Port Phillip Channel deepening project) with the unknown impacts of dredging and or blasting in Western Port should also be a factor.

Do you think there are any constraints to testing the key issues we have identified?

Access and availability of information is a constraint as is the time available to undertake specific technical studies to fill in knowledge gaps from what is already known.

However, delaying a location decision based on requiring best available information at the time is not conducive to encouraging private sector investment.

The City of Greater Geelong and wider Geelong and Wyndham communities are committed to assisting Infrastructure Victoria with their process to ensure sufficient information is available to be a clear recommendation.