

CITY OF GREATER GEELONG
PO BOX 104
GEELONG VIC 3220 AUSTRALIA
DX 22063 GEELONG

TELEPHONE 03 5272 5272
FACSIMILE 03 5272 4277
www.geelongaustralia.com.au

Mr Keir Delaney
Secretary
Port of Melbourne Selection Committee
Parliament House
Spring Street
EAST MELBOURNE VIC 3002

9 September 2015

LCSC@parliament.vic.gov.au

Dear Mr Delaney

Re: Submission to Port of Melbourne Select Committee

Thank you for the opportunity to make a submission to the Select Committee appointed by the Legislative Council to inquire into and report on the proposed lease of the Port of Melbourne as contemplated by the Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015. Please find attached a copy of a submission from the City of Greater Geelong.

The City would be please to present out submission to the Select Committee if the opportunity arises.

Yours sincerely



KELVIN SPILLER
INTERIM CHIEF EXECUTIVE OFFICER
CITY OF GREATER GEELONG

Attach: Submission

**CITY OF GREATER GEELONG SUBMISSION
TO SELECT COMMITTEE ON PROPOSED LEASE OF
THE PORT OF MELBOURNE
September 2015**



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Introduction

The City of Greater Geelong is pleased to present a submission to the Select Committee appointed by the Legislative Council to inquire into and report on the proposed lease of the Port of Melbourne as contemplated by the Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015. As directed, the City of Greater Geelong submission addresses the Terms of Reference for the Select Committee detailed below:

- The structure and duration of the proposed lease;
- The potential impacts of the proposed lease on the development of a second container port in Victoria;
- The potential impacts on the environment of the further expansion of the Port of Melbourne
- The potential impacts of the proposed arrangements on the competitiveness of the Port of Melbourne, the supply chains that depend on it and cost effects on goods passing through the Port of Melbourne
- The effectiveness of the proposed regulatory framework in dealing with the transfer of a monopoly asset from the public sector to the private sector;
- How the proposed lease balances the short-term objective of maximising the proceeds of the lease with the longer term objective of maximising the economic benefits to Victoria of container trade; and
- Any other relevant matters

The specific elements of the Terms of Reference of relevance to the City of Greater Geelong are discussed below.

The structure and duration of the proposed lease;

The City of Greater Geelong supports the proposed lease setting the ultimate capacity of the Port of Melbourne. It is noted that the State proposes to warrant that a second international container port will not operate until the Port of Melbourne reaches the capacity set out in the lease without compensation. The legislation and the terms of the lease should not preclude the planning for a second international container port during the lease period with the objective of a second port being operational when the Port of Melbourne capacity is reached.

The potential impacts of the of the proposed lease on the development of a second container port in Victoria;

There is consensus that the development of a second international container port to complement operations at the Port of Melbourne will be required in the future to service Victoria's growing freight task.

Planning for a second international container port will be complex and by necessity take a considerable period of time. The City of Greater Geelong supports the establishment of Infrastructure Victoria and the government's commitment to direct it to consider the merits of a Bay West container port.

Bay West is the logical location for the development of Victoria's second container port.

- It has excellent road and rail (broad and standard gauge) connections as well as proximity to Avalon Airport.
- Large tracts of employment lands are available in Geelong at the Geelong Ring Road Employment Precinct and at Avalon Airport.
- Employment land is also available in Wyndham in the Werribee Junction precinct and the Nambourree precinct within Melbourne's Urban Growth Boundary.
- Geelong's economy is transitioning from its manufacturing base, the local workforce is currently underutilised and well suited to retraining to supporting the growth of the freight and logistics sector.
- The presence of existing national distribution centres in the west of Melbourne would mean only minimal adjustments within the supply chain are required to receive freight from Bay West in place of the Port of Melbourne.
- Bay West is well located as a gateway for agricultural produce from the west of the state bound for international markets.
- Existing shipping channels to the Port of Melbourne could provide access to two container ports maximising the government's investment in channel deepening at the Port of Melbourne. This would ensure the continued operation of the Port of Melbourne with a complementary port at Bay West.

- Residential encroachment at Bay West is not an issue as it is at other locations. The City of Greater Geelong, with other stakeholders, is preparing the Avalon Corridor Strategy to articulate its vision for how the area of land between Lara and Werribee should be developed. The plan will ensure that land use planning decisions do not compromise the potential development of a container port in this vicinity.

The City of Greater Geelong recognises that the environmental impacts of a container port at Bay West will need to be examined and appropriate mitigation measures be put in place. Managing environmental impacts of a container port would be a significant task in any location along Victoria's coastline.

Infrastructure Victoria should be established as a priority so that planning for Victoria's second container port can commence.

The potential impacts of the proposed arrangements on the competitiveness of the Port of Melbourne, the supply chains that depend on it and cost effects on goods passing through the Port of Melbourne

Providing berth capacity to accommodate the increasing freight task presents an obvious challenge in Melbourne. Access to capital to invest in berth infrastructure will undoubtedly be enhanced through the lease of the Port of Melbourne.

Providing additional capacity on the road and rail networks presents a much greater challenge to government, particularly in the context of a growing population which is increasingly reliant on car based transport. This is already the case in the west of Melbourne where freight distribution centres are located and the population growth in Wyndham's growth areas is among the highest in the state. Traffic congestion on the M1 corridor will have an increasing cost to the supply chain. This is of great concern to Geelong-based businesses, the broader agricultural supply chain much of which comes from the Victoria's south west and to commuters from Geelong that work in Melbourne and experience considerable delays on the West Gate Bridge.

Any other relevant matters

The City of Greater Geelong recognises the importance of appropriate management of shipping channels which are shared by users of the Port of Geelong. Appropriate consideration should be given to access arrangements to ensure they are fair and reasonable and not compromised for Port of Geelong users. Future trade charges for cargo and shipping movements in the shared channel, which may be levied to pay for channel improvements, should only apply to users of the Port of Geelong where they receive the full benefit of the upgrade. The City of Greater Geelong supports the continued role of the Victorian Regional Channels Authority in managing shipping channels at the Port of Geelong.

The proceeds from the lease of the Port of Melbourne represent an opportunity for Victoria to make considerable investment in infrastructure to drive future economic growth. The City of Greater Geelong would welcome any initiatives to invest in infrastructure in regional areas, particularly around the Port of Geelong which may face flow on effects from the lease of the Port of Melbourne.

Conclusion

The City of Greater Geelong is supportive of the Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015 conditional upon it not precluding planning or development of a second container port. The logical location for a second container port in Victoria is Bay West. Bay West also presents a significant opportunity for much needed employment in Geelong and the surrounding region as it transitions from its historic manufacturing economy. The structure and duration of the proposed lease of the Port of Melbourne must not adversely affect the freight and logistics sector by delaying the timing for the development of a second container port.