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15 July 2015

The Hon Luke Donnellan MP
Minister for Roads, Road Safety and Ports

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Dear Minister

Yesterday I attended your talk at the Victorian Transport Association lunch and listened to your outline of what the Victorian Government proposes to do in relation to the privatisation of the Port of Melbourne (PoM).

I would like to respectfully advise that I disagree with the direction the Victorian Government is taking in relation to this matter.

By way of introduction I have served the State of Victoria (including governments of various persuasions over twelve years) as the Deputy Chairman of the then Victorian Channels Authority and I was the initial Chairman of the Victorian Regional Channels Authority. I have held roles, including as a director, of international shipping companies and I am a shareholder in, and a member of the advisory board, of a grain and logistic company that regularly sends more than 10,000 TEU each year to the PoM. This company is also actively engaged in unloading and transporting bulk commodities in Geelong Port.

Although I am a Chartered Accountant I do have an understanding of many aspects of logistics and port operations.

I would also add that I completely disagreed with the previous government's proposal of establishing a second port at Westernport and during the term of the previous government I made representations in writing and in person to the then Premier, The Hon Denis Napthine MP, the then Minister for Ports The Hon. David Hodgett MP and the then Minister for Roads The Hon Terry Mulder MP.

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I might also add that several years ago when The Hon Tim Pallas PM was Minister for Ports I made representations to him about the best course of action in relation to Victorian Ports, much of which I repeat below.

I hope that through the above comments you will accept that I have extensive experience in the shipping industry. I also advise that I do not have a political interest in the matter and I am not a member of any political party or any lobby group.

My only concern is that the current Victorian Government avoids making a wrong decision and hopefully positions the state to progress positively for the future.

I was encouraged that during the lead up to the last election your party spoke about referral of consideration about future plans for the major port in Victoria to Infrastructure Victoria (IV). It appears to me that any referral to IV is meaningless if you privatise PoM with the conditions referred to in the press.

Perhaps the best place to start is to identify some of the issues and problems, provide my vision for the best port arrangements for the State of Victoria and then to refer to the benefits which could be obtained.

Current Issues and Problems.

1. The PoM is in the wrong location as it is up a river, being restricted by air-draft and limited by the many services under the Westgate Bridge.
2. It is also in the wrong location as it is close to the middle of the City of Melbourne and can only be accessed via road through largely residential streets and by rail connections which are most inadequate.
3. The establishment of the expanded facility at Webb Dock is also in the wrong place as it has no rail facilities and is very inaccessible from the west of Melbourne due to weight restrictions on the Westgate Bridge.
4. The location of the PoM means traffic congestion is added to by the many container trucks which travel in and out of the port and the many holding yards in the west of Melbourne.
5. The fact that the PoM is located close to the city means that all of the services (electric, gas, water, waste water and bridges etc.) in and around inner Melbourne are under stress.

In summary, the privatisation of the port will not resolve any of the above problems, notwithstanding some road widening, a few additional ramps and associated matters which you outlined yesterday.

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Vision

That a new port be established in the area near Point Wilson/ Avalon airport. I was of the understanding that this was being contemplated when “Bay West” was being discussed before the last election.

The advantages of this location are many but include: -

1. It negates many of the current issues/problems referred to above. The Point Wilson area does not have residential development nearby, it is located next to Victoria’s busiest road, has two different rail gauges on the northern boundary and it is close to an airport. It is also situated away from inner Melbourne and is easily accessible from Geelong, the Riverina and the Western District. In addition, it is situated almost to the end of the proposed outer Western Ring road and that will aid in handling all freight from northern Victoria and Southern New South Wales.
2. The new facility could be built at no cost the State of Victoria. I would envisage a new Point Wilson Authority (for want of a better name) being established and that organisation inviting international tenders to operate a new port (including dredging and rail and road connections) within controlled pricing regulations, for – say a period of 50 years with the assets to return to the State at the end of that period. The tenants at the PoM would be given notice that they had to vacate their existing sites in – say fifteen years and then re-locate to Point Wilson. Hopefully the international tender would include DP World and Patrick and that Victorian International Containers would also assess their position. They may also put forward a tender.
3. It also should be noted that there is a significant amount of unused land between the water’s edge and the highway so that the new port operator could utilise the very best in train delivery and container control and container handling technology.
4. Further this port could handle bulk commodities (agricultural, petroleum, chemicals and even a defence wharf) due to the proximity to Geelong and agricultural areas.

But the most important element of my proposal to you Minister is that the land at Avalon could be used as Australia’s major inland port. All relevant container freight whether from or to Brisbane, Darwin or Fremantle (and everywhere in between) could be directed to this container intermodal and then be distributed in the most efficient way. In this way ships would not have to trans-ship cargo and the number and size of ships calling into Australian ports would either diminish or not expand significantly in the future.

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An important aspect of the establishment of an intermodal would be the building of an additional rail line from Avalon to a point north of Melbourne so that Western Australian and South Australian trains will be able to link to northern states using existing standard guage lines of the the Australian Rail Track Corporation lines in the future.

It can all be done at no cost to the State of Victoria but using the PoM achieves nothing in ensuring the Victoria remains the hub of the freight system in Australia and it does nothing to ensure that Australia is internationally competitive.

I envisage that when the new port is established, traffic will be significantly reduced and that deliveries and collections from the new port could be conducted between – say 8.00pm and 5.00am which will ease traffic on all roads but especially on the Princess Highway and in inner Melbourne.

I further envisage that when the new port is established the existing PoM and the Geelong Port land could be developed into 21st century areas which have a mixture of residential, employment and recreational areas. I would think that the proceeds from the sale of land in Melbourne and Geelong and the enhancement to the State of Victoria would far outweigh the short term proceeds and subsequent restrictions which may flow from a privatisation of the PoM.

The City of Melbourne could really embrace this waterfront for the first time.

I would also add that while the creation of bridges over metropolitan rail crossings has its merits, the State of Victoria should borrow the money to undertake these services and plan on repaying these borrowings when the Port of Melbourne and Geelong Port and environs are eventually sold.

Minister, if this proposal is of interest I would be pleased to have a meeting (especially with my colleague, Jim Riordan, who has a detailed understanding of these issues) to expand upon the above points and hopefully lead the Victorian Government to see that there is an alternative and better way to guide the operations of the primary port of Victoria.

I look forward to receiving your response in due course.

I have also sent a copy of this letter to your office at Parliament House.

Yours sincerely

Michael J Dowling

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