



# Salta Properties

## Port of Melbourne Select Committee Presentation

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# Why is Salta here?

- Salta has worked for over 12 years with successive state governments to implement a state of the art rail based container logistics and inland port network – the MIS.
- There is widespread support for this project but to make it happen arrangements need to be put in place prior to the Port sale.
- Below are some of the organisations that have **already endorsed our submission** to the Select Committee:



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# Recent Media Coverage

THE  AGE

“The loss of Melbourne's "number one container port" status appears a certainty as container operators abandon projects and shift their focus across the border **because of the lack of rail connections.**” – [Philip Hopkins , 19 August 2015]

“By using a rail link to the three inland ports, **3,500 trucks each day can be taken off Melbourne's roads** (out of the present total of 5700). This is dependent on upgrading Swanson Dock rail terminals so containers can be lifted directly off container vessels and onto trains”. – [Kenneth Davidson, 31 August 2015]

“It is difficult to see an infrastructure project in Victoria **with greater financial, economic and social returns for the modest investment involved.**” – [Kenneth Davidson, 31 August 2015]

“For the expenditure of \$58 million (never mind the \$350 million Footscray project) the Port of Melbourne gets **more additional capacity than Webb Dock, estimated to cost the taxpayer \$1.6 billion.**” – [Kenneth Davidson, 31 August 2015]



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# Recent Media Coverage

## The Sydney Morning Herald

"Victoria has no strategy to get metropolitan freight onto rail and develop suburban intermodal terminals" – [Philip Hopkins quoting Qube CEO Morris James , 19 August 2015]

"Melbourne has stagnated. We have not seen a serious government push for modal shift to rail," Mr James said. "We are not wasting any more time on that in Melbourne." – [Philip Hopkins quoting Qube CEO Morris James , 19 August 2015]

## Lloyd's List Australia

First published 1891 as Daily Commercial News

"funding has already been allocated to upgrade the Port's intermodal network in the 2015/2016 budget, but it still needs concerted political pressure to happen. Industry is rallying behind rail so you never know, maybe Melbourne can maintain its status as the #1 Port by volume in Australia." – [Travis Brooks-Garrett, 7 September 2015]



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# Sydney is Winning!

- Because Sydney is being more proactive :
  - Melbourne will **lose jobs**.
  - Melbourne will lose **economic activity**.
  - Melbourne will lose No. 1 Port status.
- **But** Melbourne can quickly and inexpensively rectify this situation with **shovel ready projects**.



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# What is the Problem?

Two main issues:

## Issue 1 – Everything is Handled by Truck / Road

- 87% of imports and 52% of exports have a Metropolitan destination or origin respectively.
- With no appropriate rail connectivity, 100% of these volumes are handled by truck.
- Currently over 5,500 trucks visit the port each day. If unabated this will become over **30,000 trucks per day** within the initial lease term.
- Full reliance on road is **undesirable** for safety, environmental, congestion, and financial (cost of road maintenance) reasons.



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# What is the Problem?

**Issue 2** – Reliance on road limits port growth and increases risk:

- The road-based reactionary **system is inefficient** and results in delays at the port.
- The existing road based system limits the capacity and longevity of the Port of Melbourne.
- Capacity constraints and high costs will lead to port volumes migrating interstate **costing Victoria income, jobs, and relevance.**
- Visy is a recent example of lost business due to rail limitations at the Port.



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# What is Industry Suggesting?

- Implementation of the Metropolitan Intermodal System (“MIS”).
- The MIS is a network of Inland Ports linked by rail and high performance freight vehicles to the Port of Melbourne.
- **The Metropolitan Intermodal Rail Terminal is an on-dock rail terminal, directly connected to the container terminals** and dedicated to servicing metropolitan containerised rail freight.
- The Inland Ports are to be located in Altona, Dandenong South, and Somerton (as identified by Government)
- Salta’s written submission provides a hyperlink to an animated video which gives a clear visual representation of the MIS.



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# MIS benefits for Victoria?

A study by **GHD and Hamburg Port Consultancy** shows:

1. A capacity increase to the port of **1.4 million TEU** per annum.
2. The potential to increase the price the government receives from the sale of the port by **\$545 million** (incl. delay alternative expenditure).
3. Reduce truck trips to the port by **3,500 trips per day** (from the current total of 5,500 trips per day).
4. Reduce Co2 emissions by **23,000 tonnes per annum**.
5. Positive externalities of **\$975 million** over 50 years.
6. Reduce supply chain costs for importers and exporters by **20%**.
7. Direct creation of **3,700 FTE Jobs** and Indirect employment of 9,040\*

\* As calculated by Essential Economics



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# Actions for Government

- Government has already done the hard work:
  - Already spend \$350M to improve rail access into the Port (Footscray Road grade separation).
  - Already spent \$34M at Altona on rail turnouts
- Outstanding works are:
  - The Development of the Metropolitan Intermodal Rail Terminal at the Port.
  - Provide the rail connections to the inland ports at Dandenong South and Somerton.
  - Complete the already approved closure of Coode Road which will allow direct connection of the MIRT to the port container terminals.



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# MIS Activation Timings & Costs

Melbourne can have a world class container freight system in place within 12 to 24 months because:

- The land for the MIRT is within government ownership and is already serviced by rail. It just needs upgrading.
- The owners of the inland ports have invested substantial capital and are ready to complete their investment. The sites are **shovel ready**.
- The inland ports have foundation clients on site and ready to utilise the rail services (Bunnings, Maersk, others).
- The State Government has \$58 million in its budget earmarked for creation of an intermodal network.
- HPFV routes are also approved to each inland port site.



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# Conclusion

- Melbourne can have **the most modern and efficient container logistics system in Australia within 12 to 24 months.**
- The cost to future State Government budgets for the works is **zero** because the **\$58 million has already been budgeted.**
- The bulk of the cost to create the system will be spent by private enterprise.
- The inland ports are **shovel ready**, and cannot be replicated.
- The MIS **will protect Melbourne's position as Australia's number 1 container port**, and stop possible further loss of business to Sydney and other ports.
- The MIS will **protect and grow Victorian jobs and economic activity.**

**The \$58 million to be spent by Government is trivial in terms of the overall benefit in jobs, activity, and Victoria's competitiveness**



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Thank you

VIDEO



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