

# **Salta Properties**

# Port of Melbourne Select Committee Presentation

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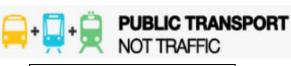


# Why is Salta here?

- 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 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]











# **Recent Media Coverage**

#### The Sydney Morning Herald

"Victoria has no strategy to get metropolitan fright 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]



"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]











# 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.





#### 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.











#### 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.











# 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.











### 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\*









<sup>\*</sup> As calculated by Essential Economics



#### **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.





## **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.









#### **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.

<u>The \$58 million to be spent by Government is trivial in terms of the overall benefit</u>
<u>in jobs, activity, and Victoria's competiveness</u>











# Thank you

VIDEO







