

# CORRECTED VERSION

## PORT OF MELBOURNE SELECT COMMITTEE

### Inquiry into the proposed lease of the port of Melbourne

Melbourne — 8 September 2015

#### Members

Mr Gordon Rich-Phillips — Chair

Mr Daniel Mulino — Deputy Chair

Mr Greg Barber

Mr Damian Drum

Mr Craig Ondarchie

Mr James Purcell

Ms Harriet Shing

Ms Gayle Tierney

#### Staff

Secretary: Mr Keir Delaney

Research officer: Mr Anthony Walsh

#### Witnesses

Cr Felicity Frederico, president,

Cr Bev Colomb, vice-president,

Mr Bernie Cotter, executive officer,

Cr Jane Touzeau,

Cr Rosemary West, and

Cr James Dooley, Association of Bayside Municipalities.

**The CHAIR** — I declare open the Legislative Council Port of Melbourne Select Committee public hearing. This hearing is in relation to the proposed lease of the port of Melbourne. I request that all mobile telephones be turned to silent at this point in time. I welcome Cr Felicity Frederico as chair of the Association of Bayside Municipalities and other representatives from that association who are with us this afternoon.

The committee does not require witnesses to be sworn, but questions must be answered fully, accurately and truthfully. Witnesses found to be giving false or misleading evidence may be in contempt of Parliament and subject to penalty. All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and further subject to the provisions of the Legislative Council standing orders. Therefore the information you provide today is protected by law. However, any comments you may make outside the precincts of this hearing may not be so protected. All evidence is being recorded and you will be provided with a proof version of the transcript in the next couple of days for any corrections.

We have allocated 45 minutes for this session. I now invite you to make a brief opening statement before the committee proceeds to questions. Thank you.

**Cr FREDERICO** — Thank you very much for having us here. I would just like to introduce my colleagues. We have Cr Touzeau from Port Phillip City Council; Cr Colomb from Mornington Peninsula Shire Council, who is also the vice-president of the ABM; Bernie Cotter, who is the executive officer of the ABM; and Cr Dooley from Frankston City Council. ABM is a group consisting of 10 member councils from around Port Phillip Bay, from Queenscliff through to Mornington. It was an association established in 1974, so it has been going for well over 40 years. Our charter is about sharing information and approaches, investigating the best practice and encouraging cooperation, and promoting whole-of-bay activities.

In speaking today I am speaking on behalf of the 10 member councils. This is a bare minimum for the 10 member councils. I need to stress that hopefully this will not preclude the individual councils from presenting. As you can understand, reaching consensus among the 10 member councils has been somewhat challenging in some instances, but where we can reach agreement is on the health of the bay; where we cannot reach agreement is on the debate about the second port. For that very reason we are sticking to our charter, which is really about the health of the bay.

I think it is also important to note that we have been in dialogue with the Treasurer of Victoria about establishing some principles about the health of the bay. In coming here today we are talking about the principles that, if you like, we have resolution on from our members and nothing else. I am not at liberty to discuss or talk about the latest lot of principles in our negotiation with the Treasurer that have come through because I do not have resolution from the 10 member councils. That is important to note. I am really just speaking about the principles, and they are the bare minimum principles. I have to stress they will not be precluding any other councils from advocating for any other issues around this.

I also want to talk about how, in developing these principles, what has become very clear to us is that there is no overarching body responsible for the management of Port Phillip, nor is there any central fund to ensure the management and maintenance of shoreline conditions, water quality and marine diversity. When we talk about the health of the bay, we specifically talk about shoreline conditions, which is erosion and sea level; we talk about water quality; and we talk about marine biodiversity. It is also interesting to note that if Port Phillip were a green park, there would be very clear roles and responsibilities and funding streams, but as such the bay is all things to all people. It is very hard to understand the quantum of funds available for Port Phillip Bay. I want to make that quite clear. When we talk about the health of the bay and the funds available to ensure and to protect the ongoing health of Port Phillip Bay, it is a very hazy area.

When we had our initial discussions with the Treasurer, he spoke about the principle of 'do no harm'. We would like to see the 'do no harm' principle extended to the environmental, social, economic and cultural wellbeing of Port Phillip Bay. We would like a comprehensive report prepared and published outlining the current health and condition of Port Phillip Bay, inclusive of the water quality, marine biodiversity and the shoreline conditions, because at the moment there is no comprehensive report regarding the health of Port Phillip Bay.

We would like annual monitoring and reporting of the health and condition of Port Phillip Bay, and we would like response plans developed in conjunction with the relevant state departments, agencies and stakeholders. We would like all community-based assets, including existing public assets and access and buffer zones within the

port of Melbourne land, maintained. We believe the buffer zones should be maintained within the 75 hectares of the port of Melbourne land, and with the existing public access, we have specifically referred to the Perce White Reserve and where the lifesaving club is at the moment.

We would like to see that any amenity impacts are rectified to a high standard, reflecting current and future needs and community expectations. We would like to see a fund established from the lease of the port of Melbourne, with proceeds to improve the amenity and the health of Port Phillip Bay. We would like to see that the health amenities, economic benefits and environment of the bay are protected for now and future generations, and prior to any decision to lease the port that the state government commits to its promise to consider all options for future port decisions, future port operations within and outside Port Phillip Bay, and refers this and any investigation and this investigation to Infrastructure Victoria for a decision.

In addition to that, we also have a resolution regarding capital dredging. Our preference is for no further capital dredging of Port Phillip Bay. We are happy with maintenance dredging, but the current resolution is no to capital dredging. I know I have gone through this very quickly, but you do have the dot points in front of you.

**The CHAIR** — Thank you, Cr Frederico. One of the key principles that has been agreed across the association is the ‘do no harm’ principle as this transaction proceeds.

**Cr FREDERICO** — Absolutely.

**The CHAIR** — Does the association have a view on whether the legislation, as has been introduced to Parliament, will deliver on that ‘do no harm’ principle?

**Cr FREDERICO** — To the best of our knowledge, no, but I have to say in our negotiations to date with the Treasurer he has been very amicable in regard to our concerns about the health of the bay. When we talk about health, it is important to understand it, so rather than it being a motherhood statement, it is about the shoreline conditions, marine biodiversity and water quality, and establishing benchmarks and ongoing monitoring and reporting.

**The CHAIR** — What would the association like to see reflected in the current legislation to give effect to the principle?

**Cr FREDERICO** — We would like to see periodic reporting, and we would like that periodic reporting to be at an absolute minimum, at least — and this is the worst case scenario — once every four years, the reason being the political cycle for local government and for state government is four years, and we would like to see the reporting at an absolute minimum to be once every political cycle, just so that corporate memory is retained in a political cycle. But that is the absolute minimum. The Treasurer has come back and suggested once every five years, and we are still yet to go back and say that we will not accept five years. It was our preference to have annual reporting, but, as I said, at an absolute minimum once every political cycle.

**The CHAIR** — And annual reporting remains your preference?

**Cr FREDERICO** — Yes, it does.

**The CHAIR** — Are there other elements you would like to see reflected in the legislation?

**Cr FREDERICO** — We would like to see some funding to ensure the ongoing health of the bay is protected.

**The CHAIR** — How would that be quantified?

**Cr FREDERICO** — As I said before, it is very hard to even quantify how much money is spent on the bay currently. A lot of the money that is spent on the bay at the moment is very much reactive, as a result of storm damage or something like that. There is very little proactive money invested in the health of the bay. I suppose the question would be: can we quantify the current investment in the bay and use that as a benchmark? I am going to defer to Cr Dooley. I know Frankston has some very strong opinions on this.

**Cr DOOLEY** — Recently we have seen quite significant storm damage along Seaford beach. We have seen dune structures being washed away. Whether it is sea level rising, the opening up of the channel or whatever,

we are seeing quite significant damage. It falls upon the council to manage the damage and to try to remediate the dunes. Far too often we are reliant on environmental friends networks — the Friends of Seaford Foreshore Reserve and so forth — to basically do this work.

If not for them, these small groups, then we would be in all sorts of trouble. What we really need to see is some kind of fund established that basically looks at the bay in its entirety, not just the foreshores but the cleanliness of the water. Obviously we have very clean bay water down in Frankston, but as you travel north it changes colour and gets quite ordinary. There is good fishing off the bay as well. We know that this has improved recently. We would really like to see some significant ongoing investment and something to ensure that the bay is basically looked after and what we value so much along the bay as far as the amenity of the bay is looked after. We believe that the overarching responsibility for the port of Melbourne, which is Port Phillip Bay, should basically be tied back in some way to this.

**Cr FREDERICO** — Can I also introduce Cr West from Kingston council as well.

**The CHAIR** — Thank you. I am sure we will hear Cr West through the microphone at the appropriate time.

**Cr FREDERICO** — I know Cr Colomb has also got some experience down at Mornington.

**Cr COLOMB** — Thank you very much to the committee. We are very pleased to be here today. I reiterate the ABM principles that they hope to put forward to the government in working through the port of Melbourne lease issues are what we see as the basic core issues, and addressing those. It is very important to also say though that each council has their own perspective and has had their own experiences in the past with the dredging of Port Phillip Bay. We are hoping that every council that puts in a submission, and the due date is Friday, that each council will still have an opportunity to come and speak to the committee so that those particular individual challenges can be heard.

To give you an example, I would speak to the problems that we have seen at Portsea beach, where we no longer have a beach. If we are speaking to a fund or any other future bay monitoring, I think it is to be understood that we are still seeking help on the restoration and the future preservation of the Portsea beach. If we do manage to restore it, how do we preserve it into the future? These are issues that do happen when things change within Port Phillip Bay. We are seeking as the ABM to put forward the core minimum points as principles, but at the same time it does need to be understood that each shire, each council will also have their own challenges into the future.

**Mr MULINO** — Before returning to some of the core principles I just wanted to take a step back, just to get your observation or comment on the very high-level structure of the transaction, which is that the commercial operations will by and large become the responsibility of the lessee, subject to economic regulation, which we discussed this morning, but that the environmental and safety regulation will be retained by the state. Is that structure something that you support?

**Cr FREDERICO** — Yes. I see these principles being a relationship between the ABM and the state government, rather than ourselves and whoever leases the port, because I think ultimately the state government needs to be responsible for the health of the bay. That is a responsibility that cannot be transferred.

**Mr MULINO** — The fact that the state is retaining all of those responsibilities is something you support?

**Cr FREDERICO** — Yes, and I would see our agreement, as I said, being between the ABM and the state government. I just want to also make the point that not only are we speaking on behalf of the 10 councils that have foreshore on Port Phillip Bay but we are speaking on behalf of the 70 million visitations per year by greater Melbourne to Port Phillip Bay.

**Mr MULINO** — Much of the area covered by the 10 councils falls in the electorate that Ms Shing and I represent, so we are very well aware of a lot of the important issues that you are flagging. Looking at some of the core principles that you have flagged, a lot of action on these principles will actually strengthen current arrangements in a useful way. I think they will make management of the bay more coherent than it currently is if we move down a path of more regular reporting and if we put in place a fund of some sort.

**Cr FREDERICO** — I agree with you. As I said at the beginning, there is no one body with any overarching authority for the bay. We do not treat it like the green park next door.

**Mr MULINO** — I think you have flagged some of the core principles which you have started discussions with the Treasurer on. Is it fair to say that to date you have had productive discussions, but that basically where you are at is that there have been some discussions and the Treasurer has made some offers back to you following some discussions and that you basically are in the process of figuring out what you might come back with?

**Cr FREDERICO** — If I had to summarise our discussions, I would say that they have been most constructive in regard to the health of the bay. Obviously we need to tweak a few things. We have not had the fund quantified yet. There is obviously going to be a big question mark on that. I would see a fund as recurrent funding. Personally I would not like to see a once-off fund, like the farmers federation with the \$200 million fund. I would like to see it ongoing for 50 years, because the health of the bay is not something that can be tackled in one year. In regard to the capital dredging, we have not reached agreement with that. But in regard to the health of the bay, I only see it as a good thing.

**Mr BARBER** — I think I heard you say back at the beginning, Cr Frederico, that you thought the assessment of the alternative future options for port expansion, if needed, is something that should be done before this privatisation proceeds. Is that correct?

**Cr FREDERICO** — No. Sometimes dealing with 10 councils is like herding cats, and sometimes we have to reach common ground. The common ground that we have, if you like, reached, we have taken it back to our charter. Our charter is about developing and influencing policies and programs that benefit the sustainable use of Port Phillip Bay, in particular its foreshore areas, reviewing and investigating government initiatives that influence the management of Port Phillip foreshore areas, and influencing decision-makers on initiatives that affect the management of Port Phillip foreshore areas. In our response to this we are talking about the health of the bay. As 10 councils it is beyond our charter to have an opinion on a second port. As you can imagine, the councils down west want one thing and the councils down east want another thing, so we do not have an opinion on the second port. Does that answer your question?

**Mr BARBER** — No. That is fine that you do not have an opinion on where the second port should be. The question — —

**Cr FREDERICO** — Sorry, we do have in our points that prior to any decision to lease the port the state government commits to its promise to consider all options for future operations within and outside Port Phillip Bay and refers this investigation to Infrastructure Victoria for a decision. That is one of our principles.

**Mr BARBER** — So you do not want to know what the decision is: you just want it to be referred to IV before the lease starts?

**Cr FREDERICO** — Yes.

**Mr BARBER** — Okay, thank you. Just this morning we had the Port of Melbourne in here, again telling us about how great the dredging process had been and that they had ongoing environmental monitoring under their environment management plan. They said that the information even under that plan had been regularly disclosed. Have you had a look at that information and have you formed a view as to whether the bay is healthier now or it is not being impacted by the dredging process?

**Cr FREDERICO** — Yes, we have. ABM as an organisation has seen it, but we do take it at face value.

**Mr BARBER** — Describe for me what you think it says, that information.

**Cr FREDERICO** — I am going to refer to our executive officer, Bernie Cotter.

**Mr COTTER** — The Office of the Environmental Monitor was set up to look at the monitoring of the dredge activities, and there were regular reports from that about the health of the bay. I am not sure on how many parameters, because it was before my time, but I think they closed the monitoring office and said that their job was done. What Cr Frederico was getting to was that we have no way of independently verifying what was said in those reports; we have to take it at face value. Clearly in some locations there would appear — again, whether it is causal — that erosion in areas of the bay, particularly at the entrance and in Portsea, may have been caused by deepening of the entrance. As a precautionary approach, we are not looking at that to come up again.

**Mr BARBER** — He told me in shorthand that all the sponges are growing back on all that rubble that fell down into the canyon. Having read those reports, do think that is what those reports say?

**Mr COTTER** — I think there is going to be a rehabilitation of the reefs to a certain extent. Without monitoring the program annually it is a pretty hard to say, 'Is that up to speed, is that optimal, is that sub-optimal?', but certainly there is going to be a recolonisation of the reefs.

**Mr ONDARCHIE** — I think Port Phillip Bay is one of our greatest assets in this state.

**Cr FREDERICO** — We agree.

**Mr ONDARCHIE** — It is just a wonderful place where myself, my children and my grandchildren spend time. It is wonderful, it brings families together and nothing we could do should harm the bay. I note your comments about shoreline conditions both with regard to erosion and sea levels, about water quality and marine biodiversity, and I like the principles you put before us. We are looking for advice from you. Before any of us sign up to the port of Melbourne lease agreement, is your advice that these principles should be put in place before we sign this?

**Cr FREDERICO** — Yes.

**Mr ONDARCHIE** — Thank you.

**Ms SHING** — Thank you, everybody, for coming along today and for putting the principles before us that have informed your strategic directions, if not the question of where any second port should go. I note the priorities that you have outlined and that you have indicated just now in response to Mr Ondarchie's question about them needing to be in place or at least agreed to be in place prior to any lease taking place. As you would be aware, the lease is something that has been flagged by the previous government and also by this government. I would like to get a sense of the extent to which your position has been put prior to the introduction of this bill on the need to safeguard the bay and to safeguard the biodiversity, tourism, economic, social and cultural wellbeing. Before the introduction of this bill — I am looking for a little bit of history and context here, I suppose.

**Cr FREDERICO** — I suppose that goes back to our strategic direction document, which I believe you all have copies of.

**Ms SHING** — Yes. In terms of what has happened prior to the introduction of this bill, what discussions did you have with the previous government in relation to your priorities, your concerns and the positions that are now set out in the principles that you would like to see happen before any proposed bill goes through the house.

**Cr FREDERICO** — Once again, I am going to defer to the executive officer. This was before my time.

**Mr COTTER** — Just in relation to the strategic directions, they were established before any talk of either another port or the principles here. It was at the end of the previous dredging activity that occurred and the development of a new one without anything on the horizon as being a need to consider that as a specific in forming our strategic directions document. It is wholly consistent with our charter, a charter is reviewed irregularly, that has been in operation since 1974, to ensure that we will make every effort to work with the government to ensure the health and amenity of the bay.

**Ms SHING** — Just on that point, might your position be materially different based on a 40-year duration of a lease or a 50-year duration of a lease?

**Cr FREDERICO** — No.

**Ms SHING** — Thank you very much.

**Mr DRUM** — It is interesting, all of the evidence that we have received today and I understand your varying views. However, the facts are sort of inescapable that we are going to need a new port. It is not a matter of if, it is a matter of when, and following today's evidence it is probably sooner rather than later. The consequences of not making a decision for a second port means we are going to have to have some serious form of dredging. Because if we leave the port of Melbourne as the only port for containers, given that the natural progression of

ships is that they are getting bigger — we have been told the average ship at the moment comes to about 4000 to 5000 TEU and that is likely to go from 5000 to 8000 with the next generation of ships coming through — the sort of do nothing and keep the port as the only one approach does not seem to be much of an option.

**Cr FREDERICO** — No, I agree, and we have a very strong mandate from our membership for no capital dredging.

**Mr DRUM** — Okay. Therefore effectively one area where you do fully agree is that a site for a second port should be identified?

**Cr FREDERICO** — Yes.

**Mr DRUM** — And work should get started on the development of that second site?

**Cr FREDERICO** — I suppose, to answer your question, obviously there are consequences of no capital dredging, and the consequences of no capital dredging are that a second port will be required sooner rather than later.

**Mr DRUM** — Yes.

**Cr FREDERICO** — We just do not have an opinion on where that second port is to go.

**Mr DRUM** — That is fine. But you would like to see Infrastructure Victoria make that decision?

**Cr FREDERICO** — Absolutely, on the basis that it will be an informed, evidence-based decision rather than a political decision.

**Mr DRUM** — Absolutely. Then that needs to be done prior to this transaction taking place, the transaction being the lease of the port?

**Cr FREDERICO** — I think I could confidently say that, yes. That is one of our principles, yes.

**Mr DRUM** — Okay. That is good.

**Ms TIERNEY** — Again, welcome. It is wonderful to have you here, particularly from my part of the bay, it is lovely to see the other side. I am interested in the discussions that you are having with government at the moment and whether there is an agreement that there is a timetable to those discussions?

**Cr FREDERICO** — Yes, the timetable is urgent — so we are told.

**Ms TIERNEY** — Is that agreed to by the government as well?

**Cr FREDERICO** — Yes, very much so. Please do not ask me to quantify it.

**Ms TIERNEY** — So are you intending to have or are you developing proposed amendments to the bill, and what would they be?

**Cr FREDERICO** — No, we are just focusing on the principles, because as I said, we believe our agreement needs to be between the government and ABM. Our relationship is not with whoever will lease the port.

**The CHAIR** — To go back to the issue raised by Mr Drum, the evidence we had earlier today from the Port of Melbourne and the Department of Treasury and Finance suggests that the port of Melbourne currently handles around 2.5 million containers on 3000 to 3200 ships a year. There is a view, and it is contested, that the capacity for the port of Melbourne is around 7.5 million or 8 million TEUs, so treble the volume that is currently processed through the port. That can be achieved in two ways. One is with three times the number of ships of the same size or by an increase in the number of ships but larger ships. Does the association have a view on that increased volume in the bay, be it three times the number of existing size ships or that same three times volume on larger ships?

**Cr FREDERICO** — I know what you are asking. Our view is, once again, based on our principles, our principles of no capital dredging and ensuring that the ongoing health of the bay is maintained. We actually do not have a view. You asked me about the process; we are more focused on, if you like, the outcome.

**Mr COTTER** — You are talking about increasing the number of ships, as opposed to the draught of the ships and therefore the need for capital dredging?

**The CHAIR** — Yes. Taking Cr Frederico's point about no capital dredging, assuming that therefore means more ships of the same size, potentially three times the current number of ships, how does that sit with the association's principles? Is that consistent with the principles?

**Cr FREDERICO** — Yes, because our mandate is very clear regarding the capital dredging, very clear.

**The CHAIR** — But you would see that as an acceptable outcome, instead of 3000 ships to have 9000 ships in the Port Phillip channel? Would you be comfortable that?

**Cr FREDERICO** — Yes, just as long as — we go back to our principles about regular monitoring, benchmarking of the health of the bay.

**Cr COLOMB** — I want just to make the observation that over the period of the lease, I do not think any of us have a crystal ball to know what the needs will be as time goes on and what the future ships will be. I know that you have done your modelling, but I think we have to go back to those core principles continually. Yes, I know your economic arguments for the port, but we have to put forward those economic arguments for the health of the bay and the fact that we have a huge economy associated with the bay as well. We are not the experts on what size ship we are going to have in the future, but we are seeking accord that we put those principles before everything else.

**The CHAIR** — Thank you, councillor. We have a follow-up from Mr Drum.

**Mr DRUM** — Just on the definition of capital dredging versus dredging.

**Cr FREDERICO** — We define dredging in two ways, maintenance dredging and capital dredging. Maintenance dredging is just ongoing, what is out there at the moment; we have got no issue with that.

**Mr DRUM** — The need to increase the draught or the availability of the larger ships with the larger draught, that is capital dredging?

**Cr FREDERICO** — Yes, it is.

**Ms SHING** — Jason, did you have a point to make?

**Cr DOOLEY** — Yes, just on that point with regard to the question. I think it was getting to a question of draught. If the maintenance of the shipping channel is not done correctly, you stir up a lot of silt, and that silt ends up — —

**Mr DRUM** — Somewhere.

**Cr DOOLEY** — somewhere on Frankston's beaches. So the ongoing maintenance has to occur. If it is not done, we end up with a silty bay. You can have three times the number of ships going down. If they are not stirring up silt, then there does not seem to be a problem, but if you have bigger ships going down, then you are going to have an issue where you are going to have to do this capital dredging, and that would cause a problem. That would be extremely worrisome for the ABM.

**Mr DRUM** — Can I just follow up on that? Something that was put to me this morning which I had never realised is that now, as the evidence today would suggest, a second port is inevitable. When the state, whatever government is in power on the day, decides to get moving with the process of building a second port somewhere, it is likely to be built with considerable capacity, serious capacity for the future, for the next 20 years or maybe for the next 50 to 100 years. Once you build a second port with increased capacity, it diminishes the need for the ships to go back to the old, smaller port. So effectively some of the evidence we



have heard today is talking about when a new port is built — not if, but when — it may in fact take over, because it will have the new capacity for this state into the future.

**Cr FREDERICO** — Can I ask a question? Is that based on the assumption that the second port will be larger than the existing port now?

**Mr DRUM** — Yes. I think the only thing that seems to be crystal clear today is that we are going to need a new port, sooner rather than later, and if we are going to build one the thought is, yes, you would obviously build it larger.

**Cr FREDERICO** — Thank you.

**The CHAIR** — We have two follow-up questions, one from Mr Mulino.

**Mr MULINO** — Just a very quick one. There has been a lot of discussion around a second port, and assumptions of how big it might be and where.

**Cr FREDERICO** — I figured that.

**Mr MULINO** — I just wanted to clarify what your position is. You would like Infrastructure Victoria to look at that issue and to take into account some of the key issues that are in your principles, like the health of the bay and so forth?

**Cr FREDERICO** — Yes. We encourage evidence-based, informed decision-making that will consider our principles.

**Mr MULINO** — So if they look at that issue, once it is referred to them, in light of those principles, you will be comfortable with that?

**Cr FREDERICO** — Yes, thank you.

**Cr WEST** — Is it possible to make a couple of comments?

**The CHAIR** — Yes.

**Cr WEST** — Just one comment. As I recall, the environmental monitor wound up his work at about the same time as Portsea beach disappeared, so my feeling is that to give a fixed term for the monitor probably is not adequate. Also I recall an ABM meeting where there were about half-a-dozen members of the Mornington Peninsula shire, and the department insisted that the loss of the beach had nothing to do with the dredging, which I do not think anybody on the ABM agreed with. Those things are no guarantee, I guess.

I would like to support what my colleagues have said, but the other point I would make is that some of us in our municipality felt that the coastal algal blooms increased after the dredging. I do not know that anyone is measuring that, but that was just a kind of observation. Also I guess my hope would be that the principles might hold even if the port lease does not go ahead, because I think they are extremely useful principles. I note that the Treasurer in his letter to the ABM made more of the relationship with a future lessee, but in our terms they are between council and the ABM, and one hopes that that would be a gain that would come out of this process, however it finished. Thank you.

**Ms SHING** — I just note the primacy that you have put on an evidence-based approach to gathering data and reaching conclusions that are properly founded. I would like to just understand the difference, that you might have a view on, between 3000 large vessels on the one hand and 9000 on the other, noting that both have environmental impacts and noting that everything from ballast through to pollution through to various other by-products of an increased market and growth in vessel movements will actually impact the bay in one way or another. What is your view on that and how best to manage that, given the principles that you have outlined?

**Cr FREDERICO** — Do you know what? I actually cannot answer that question. I am sitting here thinking it is a great question, but I do not have the skill base or the expertise to answer it, because I do not understand the subsequent impacts on the health of the bay. I will open it up to any of my colleagues to see whether they are wiser.

**Cr COLOMB** — I guess it depends absolutely on government, if and when you have that second port and where you put it. I mean, if you are talking about future scenarios, we certainly cannot comment on those. As I said before, we are not too sure what is going to happen in the long-term future when it comes to import and export.

**Ms SHING** — But you would agree that increased volume in any way, shape or form will have an impact?

**Cr COLOMB** — Well, we believe that unless things are done very carefully, given the size of the ship, it will have an impact or increased quantity could have an impact too. But we would expect that the government of the day, if they abide by the principles and do monitoring in a very consistent manner, then that could help shape the future.

**Cr TOUZEAU** — I would just like to add that probably at some stage government is going to have to get control of the market. You know, we cannot destroy the environment for the sake of people wanting to trade too much stuff, so I think there are some very big decisions facing all of us. We are concerned with the health and the environment of the bay, as you are too. Really that is the principle going forward. In a time of global warming, there are many things that we need to be careful of.

**The CHAIR** — Thank you, councillors and Mr Cotter, for your evidence this afternoon. Will you be making a written submission?

**Cr FREDERICO** — Yes, we will be, based on what we have discussed today. I really have to stress we are in the middle of negotiations with the Treasurer, but as I said it is just a timing issue. I would like to thank you for having us here today.

**Cr COLOMB** — Can I ask one question of the committee? Will they also give the opportunity to other submitters or any submitter that wishes to or has indicated, that they may come to speak to the committee also?

**The CHAIR** — The committee will be considering its witness list. Obviously we have not had the close of submissions yet. I am reluctant to commit to anyone, because we have had some committees that have received 1500 submissions — —

**Ms SHING** — 1700!

**The CHAIR** — Or 1700, which would make it somewhat hard to hear from every submitter, but we are certainly very keen to get a wide variety of perspectives.

**Cr FREDERICO** — Well, we are honoured that you have heard from us.

**The CHAIR** — Thank you.

**Witnesses withdrew.**