



Our Ref: A6106249

9 September 2015

Mr Keir Delaney
Secretary
Port of Melbourne Select Committee
Parliament House
Spring Street, Melbourne VIC 3002

Mr Delany,

RE: Submission to Inquiry into the Proposed Lease of the Port of Melbourne

Thank you for the opportunity to provide a submission to the Inquiry into the Proposed Lease of the Port of Melbourne.

Council requests to make a verbal submission to the Select Committee as part of the Inquiry into the Proposed Lease of the Port of Melbourne process.

Council's submission will concentrate on issues specific to the Mornington Peninsula:

- 1) future of the Port of Hastings, and
- 2) the potential environmental impacts to Port Phillip Bay.

About the Mornington Peninsula

'The bay is a vital part of the peninsula's environmental, social and economic fabric and we must ensure it is protected and enhanced for future generations'

The Mornington Peninsula is a significant international, state and regional tourism destination, and its reputation is intrinsically associated with Bay heath and a clean coastal environment. The importance of Port Phillip Bay to the community of the Shire is not limited to its economic role but extends to its social and environmental role; in that, it contributes to the way the community defines itself geographically and in terms of its landscape character and sense of place.

The damage caused to this Shire and its coastal assets by the work that has previously been undertaken in and about the shipping channels and the Heads has caused demonstrable physical loss and damage to this Shire and to its beaches, natural assets and economy.

There is the wider loss and damage to the Shire and its economy in the failure to proceed with the development of the Port of Hastings. Council submitted to

the Port of Melbourne channel deepening project in 2004, where it was recognised that improving access to the Port of Melbourne was expected to provide international competitiveness of the port for another thirty (30) years and beyond.

At the time, it was made clear that channel deepening will not give the Port of Melbourne an indefinite life, so planning for the Port of Hastings was required, in order to ensure the most efficient, effective and sustainable port investment and operation in Victoria. With state government support, the Port of Hastings has undertaken a significant assessment and research program to progress port planning and development options over the past five (5) years.

Terms of Reference Item B: The potential impacts of the proposed lease on the development of a second container port in Victoria

1. Council, alongside South East Melbourne Councils strongly advocates that Melbourne's second container port be located in Hastings to support the economic growth of Melbourne's south east which will best enhance Victoria's competitive economic advantage.
2. Council's asserts that port development at Hastings is integral to driving continued industry development and business innovation. Economically, the port will be a major enabler for the south east region in stimulating private investment, generating employment, enhancing competitiveness in local business and providing new strategic opportunities, including the ongoing benefits of:
 - a) \$1 billion/year in GRP in the mid-2030s, rising to \$3 billion/year in GRP in the early 2050s
 - b) An additional 5,700 jobs by the mid-2030s and 15,200 jobs by the early 2050s; and
 - c) By 2050, the Port of Hastings is estimated to deliver \$5B in economic benefit to the Region.
3. The consequence to the economies of Victoria, Melbourne South East and Gippsland of not having sufficient container port capacity available when the Port of Melbourne reaches full capacity would be severe. By 2035, there would be a negative impact to Victoria's GSP of \$2.2 billion and a loss of 4,800 jobs.
4. The Port of Melbourne will be unable to singularly meet the annual growth demand in container trade of 5-6%, with current port infrastructure expected to reach capacity by mid 2020s. Planning for the Port of Hastings has progressed sufficiently to ensure it can be operational before the Port of Melbourne reaches capacity.
5. Council acknowledges Hastings geographical qualities, making it the preferred location for a second container port. The Port of Hastings can accommodate both longer and wider ships than the Port of Melbourne or

any other location within Port Phillip Bay – a competitive advantage for the state of Victoria as container ships continue to increase in size.

Features:

- a. natural deep water access and unencumbered channel access;
 - b. 3,500 hectares of surrounding land already zoned for port related activities that provides significant scope for future developments; uncertainty about using this resource would cause debilitating planning blight for this area and the danger of an inefficient/haphazard development pattern until certainty is provided (a planning approval for port related industrial use and building has for example already been issued for a location just to the south east of Somerville); and
 - c. 40% of current containers have an origin and destination in Melbourne's south east
6. A plan must remain alive for a second or successor port – and based on research and investment to date, that it is the Port of Hastings.
- a. The Port of Hastings - its direct, indirect and port related economic benefits - must always be part of Victoria's future considerations. Such considerations must include 'alternative scenarios' including, but not limited to, accelerated population growth (and increasing demand for jobs) and accelerated demand that would see port related needs emerge much earlier than any Port of Melbourne lease period might anticipate.

Terms of Reference Item C: The potential impacts on the environment of the further expansion of the Port of Melbourne

7. This Council wants to make it clear that there is to be no work to the Heads and shipping Channels in and about the Heads and that this be prohibited in the terms of the legislation and the lease.
8. Council is strongly opposed to any future deepening or widening of the shipping channels or the Heads in Port Phillip. If the Port of Melbourne is to be Melbourne's only port for the next 70 years it will require significant dredging and deepening of the heads and bay. Future channel deepening works at the Heads will be irreversible. Council is deeply concerned about the impact that dredging will have on the bay – changing storm surge profile through deeper the Heads, eroded beaches and coastline, the marine environment and sea life, and flow on negative impacts to tourism businesses as a result of these environmental impacts.
9. The lease of the Port carries with it a guarantee on the part of the State that the Port will be capable of a particular level of shipping activity. Further, that the lessee will be entitled to the use of the shipping

channels between Bass Strait and the Port of Melbourne and the lessee will be obliged by the lease to maintain and develop the channels, presumably to a standard so as to permit the State guaranteed level of shipping activity.

In this the State and the lessee will have a common interest which may conflict with the obligation of the State to maintain the public interest to ensure that there is no damage to the built and natural environment of Port Phillip Bay. How is this conflict to be managed?

There needs to be a legislatively enshrined independent process, and a justiciable process, for any environmental approvals to undertake such channel maintenance and development. There must be provision for the legal and other costs of the parties contesting such approval to be paid for by the State. Further, there needs to be a State guarantee or bond to pay the loss and damage occasioned to any person by reason of such maintenance and development of the channels.

10. Council calls on the current and successive governments to put the health of Port Phillip Bay first to ensure that there is no impact to the health of the bay, its ecosystems and local economy as a result of the lease transaction.
11. The State (by way of Port of Melbourne lessee transaction) must agree to indemnify Council in respect of all its legal costs in relation to any environmental approval and any proceeds to protect its assets and environment.
12. The lease must be explicit with respect to channel capital and maintenance works; particularly if comprehensive and competent scientific analysis indicates that such activity would have potentially deleterious effects on Bay health, coastal environments and coastal reliant business activities in Port Phillip Bay.
13. Council seeks that the lease transaction structure be amended to ensure that future growth of the Port includes environmental and social factors (*ie the leaseholder will be incentivised to invest in the future growth and development of the port on a commercial basis*).
14. Public accountability is critical. Council seeks:
 - a. A clear statement as to the environmental risk allocation between the State and the leaseholder over the lease term;
 - b. That the state establish an environmental monitoring protocol to provide an independent and transparent view on the environmental performance of the Port of Melbourne lease and its impact on the health of Port Phillip Bay; and

- c. The reliability and effectiveness of performance criteria is dependent on the capacity and capability of the supervising agent (State) and the monitoring, reporting and accountability systems put in place. Given the scale of this project and its potential to significantly impact on a variety of ecological systems and Bay users it is considered appropriate that this type of control be the responsibility of a suitably resourced independent agent under the direction of the State and not the leaseholder.
15. Council asserts that economic benefit derived from the Bay – is put back into Port Phillip Bay. Council, alongside ABM, seeks that the state establish a “fund” from the Port lease; with proceeds to directly contribute to the improved health and condition of Port Phillip Bay, inclusive of water quality, marine biodiversity and shoreline conditions. Essentially, economic benefit derived from the Port needs to be provided back to the region and environs.
16. Council calls for a commitment to Bay health response plans:
- a. Based on our experience with the channel deepening project, it is critical that the leaseholder develop and implement ‘Bay Health’ response plans in conjunction with relevant State departments, agencies, local stakeholders and the broader community. Bay Health response plans must include threshold criteria, offsets, remediation, compensation, intervention and management processes to be in place;
 - b. With respect to Statement 14, a commitment is sought to ensure any port-related impacts to ‘Bay Health’ are rectified (funded and delivered by the leaseholder) to current standards and meet future community needs and expectations; and
 - c. At the minimum, a financial bond should be placed on the leaseholder to cover the costs of unidentified or out-of-predicted range effects, and that this bond remains in place for the life of the lease.
17. Council seeks that the community has an ongoing role in the life of the lease transaction. There needs to be an ongoing consultative group drawn from the community to review the progress and key milestone events with a role to contribute to the decision making on Bay-related activities and processes.

To summarise:

- Council **is strongly opposed** to any future deepening or widening of the shipping channels or the Heads in Port Phillip.

- The **health of Port Phillip Bay comes first** to ensure that there is no impact to the health of the bay, its ecosystems or local economy as a result of the lease transaction.
- A **plan must remain alive for a second or successor port** – and based on research and investment to date, that it is the Port of Hastings.

I look forward to the opportunity to make a verbal submission to the Select Committee on behalf of Council. I kindly request you liaise directly with my office on [REDACTED] or [REDACTED].

Thank you again for the opportunity to make a submission on this important initiative that affects every Victorian.

Yours faithfully

[REDACTED]

Mayor Bev Colomb
Mornington Peninsula Shire