

FINAL SUBMISSION TO THE
**INQUIRY INTO THE PROPOSED LEASE OF THE PORT OF
MELBOURNE**

11 September 2015

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INTRODUCTION

The Port of Melbourne (the “Port”) is currently Australia’s largest container port by volume. This status is under threat because the ability of the Port to grow to meet future demand is limited by accessibility constraints. 87% of container imports and 52% of container exports respectively have a Metropolitan Melbourne destination and origin. **Currently the only means of transport in and out of the Port for Metropolitan container freight is via road.** The road network is congested, inefficient, environmentally detrimental and costly **which limits the ability of the Port to handle increased container capacity.**

It is critical to the economy of Victoria that the Port is connected by rail to a network of Metropolitan Inland Ports so that the Port’s capacity can increase to ensure that Victoria can maintain and improve its market share of national container volumes. Melbourne’s lack of rail connectivity compares vastly with Port Botany in Sydney which has been gaining market share, and currently handles in excess of 12 metropolitan trains per day, due to having appropriate rail infrastructure.

The proposition outlined in this document, namely the creation of infrastructure including the Metropolitan Intermodal Rail Terminal (the “MIRT”)¹ at the Port, and the establishment of a network of Metropolitan Inland Ports connected to the Port by rail is collectively referred to as the Metropolitan Intermodal System (the “MIS”).

SUMMARY OF KEY OUTCOMES

Implementation of the MIS will result in the following: (as calculated by consultants GHD and Hamburg Port Consultancy)

1. **A significant increase in the Port Lease sale price of \$545M².**
2. **An increase in the capacity of the Port by 1.4 million TEU per annum,**
3. The ability to immediately **reduce truck visits to the Port by 3,500 trips per day,**
4. A **reduction in emissions of 23,000 tonnes of Co2** equivalent per annum,
5. The **creation of positive externalities valued at over \$975 million** over 50 years,
6. The establishment of a network of Inland Ports in Melbourne which can clear volume from the Port via environmentally friendly and efficient Port Rail Shuttles,
7. An estimated **reduction in port landside supply-chain costs of 20%³.**
8. **Direct employment of 3,700 jobs and indirect employment of 9,040 effective full time jobs⁴.**

PORT VALUE ENHANCEMENT

- Unlike many other submissions the Select Committee will receive, **this proposition will enhance the value of the Port.** If the recommendations are enacted **before the Port sale** the Government can expect a significantly increased sale price for the Port Lease.

¹ The MIRT is defined by a rail terminal parallel to Footscray Road that has direct access to both Swanson Dock container terminals to minimise handling costs. Ultimately the MIRT needs to be capable of servicing four metropolitan port rail shuttles (600m long) at once. See Attachment 1 for MIRT plan.

² Value increase in the Port of Melbourne as calculated by GHD due to value of capacity benefits and throughput revenue increases attributable to the MIS.

³ This is based on s [REDACTED] by GHD for importers and exporters [REDACTED] with the Inland Ports.

⁴ Job creation stat [REDACTED] al Economics and include construction and ongoing operational jobs.



- Consultants GHD and Hamburg Port Consultancy have calculated the **Net Present Value uplift to the Port asset as \$545 million** once the MIS is facilitated. This value consists of the below;
 - The creation of an additional **1.4 million TEU pa of capacity** delays expensive alternative capacity investments (Webb Dock extension) by 13 years and saves **\$345 million NPV**.
 - Increased throughput revenue attributed to increased capacity is valued at an additional **\$233 million NPV**⁵.
 - Achieving the above includes the provision of some expenditure to increase the berth capacity of existing Port assets at a cost of \$33 million NPV.

KEY REQUIREMENTS

Government has the ability to inexpensively and quickly enable the MIS by committing to the following:

1. Government Actions:
 - a. Proceeding with the mandated closure of Coode Road;
 - b. Completing the rail connections into the Metropolitan Inland Ports⁶;
 - c. Make available the currently budgeted \$58 million⁷ for construction of the Government defined 'MIRT' and the remaining rail connections at the Inland Ports.
 - d. Ensure the New Port Leaseholder is delivered the land and given the necessary powers to establish the MIRT and appointment of an operating entity.
2. Requiring the New Port Leaseholder to undertake the following physical works:
 - a. Creation of the MIRT utilising a portion of the \$58 million in budgeted funds.
 - i. Infrastructure costing concludes that the budgeted funds are sufficient for the required inland port rail connection works and the MIRT development, however if more funds are required these should be made available through the Victorian Transport Fund (VTF).
3. Proposed Amendments to the Port Transaction Bill:
 - a. Ensure the Bill places an obligation on the New Port Leaseholder to create the MIRT; wording may include; *"ensure installation of defined MIRT 'on dock' rail infrastructure for the efficient servicing of metropolitan port rail shuttles which has direct connections to the Swanson Dock container terminals"*.
 - b. Provide Government step-in rights to complete the MIRT if this has not been achieved by the New Port Leaseholder within 18-24 months of the Port transaction taking place.
 - c. The Government and the New Port Leaseholder to ensure where possible the ongoing viability of Metropolitan Port Rail Shuttle operations by providing mode shift incentives accessible via a portion of the Victorian Transport Fund and/or the Annual License Fee.
 - i. Amend Section 15 of the Port Transaction Bill regarding the Victorian Transport Fund; to include the specific use for the Victorian Transport Funds as being; *"the allocation of sufficient funds to install and support Metropolitan Port Rail Shuttle operations"*.
 - d. In Section 8 – Amendment of Transport Integration Act, all responsibilities and obligations that are taken away from the Port of Melbourne Corporation (PoMC)

⁵ Additional revenue from wharfage and vessel calls.

⁶ Inland Port location as per DTPLI Industry Presentation dated Sept 2014 (attached).

⁷ \$58M is in the current State Budget for Metropolitan Intermodal rail developments.



regarding the requirement to integrate with other forms of transport and transport systems should be redirected to the New Port Leaseholder.

4. Conditions of Sale:

- a. As part of the Port lease bidding process, Port Bidders should be required to submit a *Port Landside Integration Plan* with a delivery timeline that specifically involves the integration of the Port with Inland Ports and the construction of the MIRT and initiation of the MIS.

BACKGROUND INFORMATION

- 87% of container imports and 52% of container exports respectively have a Metropolitan Melbourne destination and origin⁸. **100% of this volume is handled by truck.**
- There are **no metropolitan rail freight services in Melbourne**. This contrasts vastly with Sydney where Port Botany services approximately 12 metropolitan freight trains per day.
- Over **5,500⁹ trucks visit the Port each day**. As Port throughput increases the number of trucks will increase with it.
- At a conservative Port growth rate of 3.5% per annum this volume will multiply by a factor of nearly 6 within the 50 year lease period. **This is the equivalent to 33,000 trucks per day**, unless other forms of transport (rail) are introduced.
- The health effects of truck related emissions are well documented. Roads in Melbourne's inner west have **the worst emission levels in Australia** and the corresponding cases of adolescent asthma are 50% higher than any other suburb in Victoria¹⁰.

WHAT IS THE METROPOLITAN INTERMODAL SYSTEM (MIS)?

- The MIS is an integrated network of Inland Ports, connected to the MIRT at the Port via environmentally friendly and efficient Port Rail Shuttles (*See Link to 'MIS and Inland Ports Final' YouTube video in 'relevant resources' section below*).
- Government has identified three Inland Port locations at Altona, Dandenong South, and Somerton¹¹. The rail network capacity to these locations has been confirmed as capable of moving up to 1.6 million TEU to and from the Port per annum.
- The private sector owners of the Inland Ports have committed to development of the required infrastructure on their land to activate the MIS.
- **By 'pushing' containers to the Inland Ports the dwell time of each container at the Port is significantly reduced creating significant capacity uplift at the Port of Melbourne.**
- Consultants GHD and Hamburg Port Consultancy have conservatively estimated that the MIS will increase capacity at the Port by 1.4 million TEU per annum. This is a more significant capacity increase (for an investment of only \$58 million of already budgeted funds) than the expected capacity of the new Webb Dock container terminal development which is costing \$1.6 billion.
- All required funds to implement the MIS are already budgeted in the form of \$58 million (\$38 million Federal and \$20 million State) for the connection of the Inland Ports to the rail network and the establishment of the MIRT at the Port Swanson Dock interface.

⁸ PoMC Container Logistics Chain Study (2009)

⁹ PoMC Traffic Sur [REDACTED] Website

¹⁰ Based on EPA A [REDACTED] 2013, as quoted on [REDACTED] website

¹¹ As per attached Department of Transport Presentation on the Port Rail Shuttle Project (2014)



- The expenditure of \$58 million will unlock the benefits created from previous Government expenditure of \$350 million on the Footscray Road overpass (to facilitate additional trains into the Port), and \$34 million for the connection of the Altona Inland Port to the rail network.
- **It is imperative that before the Port is sold, all arrangements are put in place to ensure this beneficial project goes ahead.** This project is in line with the last 10 years of Government Policy¹² including obligations under the Transport Integration Act (TIA).

RELEVANCE TO THE PORT TRANSACTION BILL REVIEW TERMS OF REFERENCE

The below refers directly to each of the stated terms of reference as outlined in the motion agreed by the Legislative Council.

A) The structure and duration of the proposed lease

Implementation of the MIS does not impact the proposed structure or duration of the proposed lease. However consultants GHD have concluded that as a minimum the MIS will extend the productivity and useful life of the Port **by an additional 13 years.**

B) The potential impacts of the proposed lease on the development of a second container port in Victoria

The MIS can delay the significant investment required to develop a second port until it is absolutely required. This is a significant saving to the State and the New Port Leaseholder

In addition, the MIS will mean that the location of the second port will be less of a divisive issue as exporters and importers will largely interface with their local Inland Port.

This may also eliminate the need for construction of a second Port before the end of the initial lease period.

C) The potential impacts on the environment of the further expansion of the Port of Melbourne

Consultants GHD and Hamburg Port Consultancy have calculated that the MIS will conservatively enable the Port to handle an additional 1.4 million TEU per annum without any significant expansion of the Port asset. This reduces the environmental impacts of further construction within the Port precinct.

In addition, GHD and HPC have calculated that the environmental benefits of creating a mode shift to rail for metropolitan cargo (currently 100% road) through the MIS will decrease truck visits to the Port by 3,500 trips per day, reduce emissions by 23,000 tonnes of Co2 equivalent per annum, and create positive externalities of \$975 million over 50 years.

D) The potential impacts of the proposed arrangements on the competitiveness of the Port of Melbourne, the supply chains that depend on it and cost effects on goods passing through the Port of Melbourne

¹² This Project has [REDACTED] Labor and Coalition State Government transport policies including 'Shaping Melbourne's Freight Future' 2010 and 'Victoria the Freight State' 2013.



The ports of Sydney and Brisbane have recently been privatised which has seen focused private owners look for ways of enhancing the competitiveness of their asset. As a result Port of Melbourne market share has been gradually shifting in favour of Port Botany in Sydney. The sale of the Port to a well-credentialed and non-conflicted private owner is critical to ensuring Melbourne remains competitive against other Australian Ports.

However, the new owner requires more than just a sharper focus on operations within the Port precinct. The competitiveness of the Port relies on improvements to the whole container supply chain, which under current arrangements; the New Port Leaseholder will have a limited ability to influence.

The MIS provides the New Port Leaseholder with a low cost, viable, and environmentally friendly way of competing against other Australian Ports. GHD and HPC have calculated that port related supply chain costs, as a result of implementation of the MIS, will reduce by an average of 20% for Metropolitan based importers and exporters.

In addition the increased container terminal capacity created by the MIS means that the New Port Leaseholder can pursue additional volumes at the extremities of the Port of Melbourne catchment area meaning more exports can be attracted to the Port.

Many other supply-chain benefits are created by the MIS, including the more efficient and sustainable relocation of empty containers back to the Port for evacuation, and enabling more efficient road operations by utilising High Productivity Freight Vehicles to complement the volume moved by the Port Rail Shuttles.

E) The effectiveness of the proposed regulatory framework in dealing with the transfer of a monopoly asset from the public sector to the private sector

In transferring the monopoly asset to the private sector the proposed regulatory framework needs to ensure the new Port operator is required to act in the public interest and pursue beneficial supply-chain and environmental outcomes.

The proposed regulatory framework takes all Transport Integration Act (TIA) obligations away from Port of Melbourne Corporation but does not re-install them or recreate them for the New Port Leaseholder.

The New Port Leaseholder should be required to integrate efficiently with the landside supply-chain in an environmentally sensitive and sustainable way through the implementation of the MIS. Government step-in rights should be maintained if this outcome is not achieved within a defined timeline.

F) How the proposed lease balances the short-term objective of maximising the proceeds of the lease with the longer-term objective of maximising the economic benefits to Victoria of container trade

The proposed lease seeks to maximize the proceeds of the sale by requiring pre-payment of the Annual License Fee of \$75 million per annum (inflation adjusted). This cost will be borne by exporters and importers for the 50 year term of the lease. The supply chain savings as calculated by GHD and HPC as a result of the MIS can assist in offsetting this burden.

In addition, the sale of the Port Lease with the MIS in place (or mandated) will achieve the short term objective of maximising the proceeds of the sale by providing potential purchasers with a more transparent, achievable cost way of increasing the capacity of the Port. At the same time, this capacity increase will contribute to the economy by maintaining



Melbourne as the largest Port in Australia. The flow on job creation effects of having an efficient Port system are very significant however for this specific project direct job creation numbers have been calculated at **1,400 full time equivalent (FTE) construction jobs for 18 months and 2,300 FTE ongoing operational jobs (3,700 total)**. Indirect job creation specifically attributable to this project has been calculated at 9,040 FTE¹³.

All of this benefit can be achieved for a total cost to government of \$58 million, being the funds already set aside in the State Budget for delivery of the MIS.

G) Any other relevant matters

The MIS is a solution and risk mitigation answer to many of the 'unknowns' associated with the Port of Melbourne Lease sale. Specifically this includes:

- The creation of additional capacity is critical to maintain Melbourne's position as the largest container port in Australia.
- **The creation of capacity at Swanson Dock** will be required far earlier if Webb Dock fails to achieve viability. This is a likely risk as seen in the Ports of Sydney and Brisbane where the introduction of a third stevedore has not proven to be viable for the new operator in competition with the incumbents. If this occurs, Melbourne will be at capacity within 2 to 3 years and will therefore lose market share to other Ports. The MIS will prevent this from happening.
- There may be significant **compensation payable under the legislation if a second Port is developed** sooner rather than later. As is, the MIS provides an additional 13 years of capacity growth to the Port. However if need be the MIS can be developed further (stage 2) to cater for significantly increased volumes at a cost far less than the cost of building a new port and the compensation that this might trigger.
- **There are significant risks associated with other forms of capacity creation at the Port.** The extension of Webb Dock is the obvious next step however the dredging and reclamation required is extensive; in addition the urban encroachment with the residential development of Fisherman's Bend and the lack of a rail connection at Webb Dock may make this option untenable. The MIS provides a viable, cost effective and environmentally superior alternative to this risky and potentially damaging alternative.

WHY ACT NOW?

- **It is imperative that before the Port is sold; all arrangements are put in place to ensure the MIS proceeds.**
- If the Port Lease transaction Bill is not amended and if the installation of the MIS is not a 'Condition of Sale' then the MIS may never be developed and none of the associated benefits achieved.
- The required funds are available and budgeted now. \$58 million is currently budgeted and available for Metropolitan Rail developments.

¹³ All job creation [REDACTED] Economics, report can be provided to the Select Committee on request.



- If the MIS is 'locked in' before the sale then **Government can expect a significant increase in the value of the Port.**

CONCLUSION

There has been much publicity recently around the lack of rail access into the Port, and the lack of government action to facilitate this. Whilst this might be unfair given previous government expenditure to facilitate rail (Footscray Road overpass, Altona rail connection), the fact remains that there has been no increase in rail freight into and out of the Port. This is not due to a lack of industry willingness, but due to one simple fact – **there is no place to send trains from the Port loaded with Metropolitan containers.** The MIS will rectify this situation.

Given previous work by government, and the aggregation of key sites for the Intermodal Terminals, Melbourne is in a unique position to implement the most efficient, state of the art, environmentally friendly, and low cost container distribution system in Australia **that will underpin economic growth and job creation in Victoria for many decades to come.** The MIS can be fully operational within a short period of time (within 24 months) and make Melbourne the envy of other states.

Proposition Endorsements

The concept proposed by Salta has widespread popular support, below are some of the entities that have offered formal written endorsement of this submission (letters attached). The broad appeal is evidenced by the mix of industry bodies, major supply-chain entities, community action groups and significant port users.

- | | |
|-----------------------------------|------------------------------------|
| 1. Maersk line | 7. Yang Ming Shipping Line |
| 2. Fonterra Australia | 8. Maribyrnong Truck Action Group |
| 3. The Freight and Trade Alliance | 9. Southern Shorthaul Railroad |
| 4. Habitat Trust | 10. Container Freight Alliance |
| 5. Lead West | 11. Austrak |
| 6. Public Transport Not Traffic | 12. Australian Railway Association |

Related Information Sources

- A copy of the GHD / Hamburg Port Consultancy Report into the benefits of the MIS Value Proposition can be made available to the Select Committee Members on a confidential basis due to commercial sensitivities.
- Link to Inland Port and Port Rail Shuttle Concept Overview Video: <https://www.youtube.com/watch?v=xqNgRKYQIWM&feature=youtu.be>. Alternatively search "MIS and Inland Ports Final" on YouTube.
- Department of Transport Planning and Local Infrastructure (DTPLI) industry presentation outlining the project and nominating the inland port locations - Sept 2014)

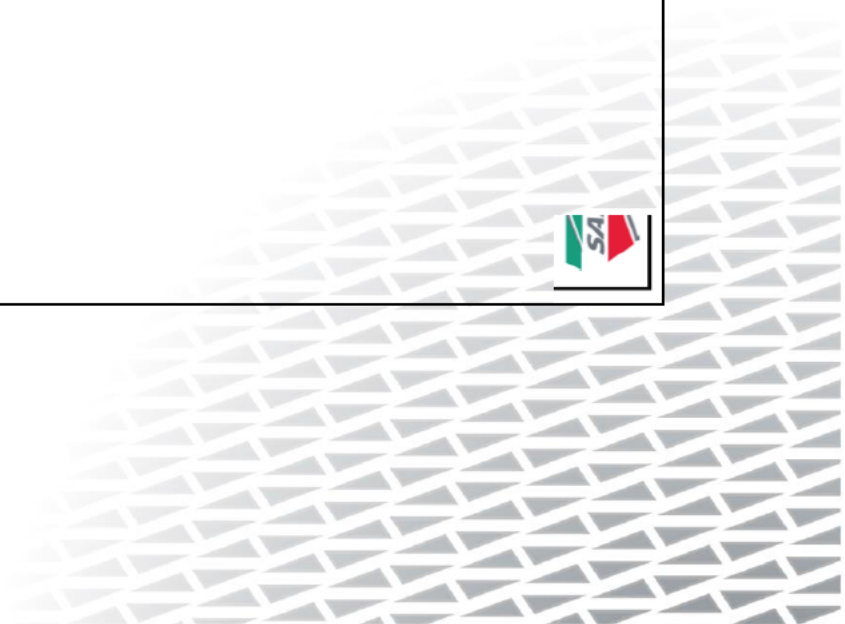
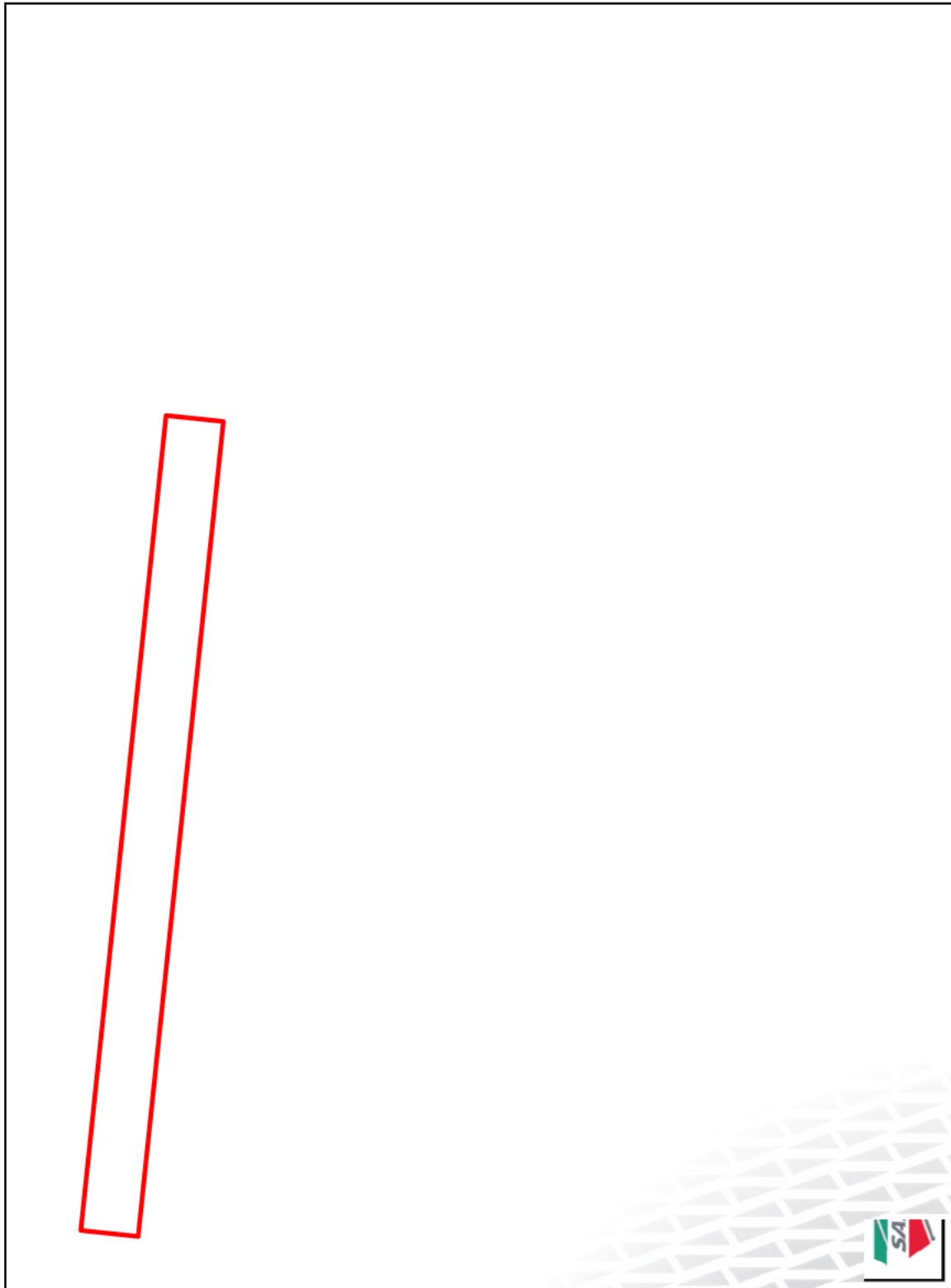
Contact Details:

Sam Tarascio
 Managing Director
 Salta Group
 Phone: [REDACTED]
 Email: [REDACTED]

Tristan Anderson
 Business Development Manager - Intermodal
 Salta Group
 Phone: [REDACTED]
 Email: [REDACTED]



ATTACHEMENT 1 – METROPOLITAN INTERMODAL RAIL TERMINAL (MIRT) **LOCATION IN RED**





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11 September 2015

Sam Tarascio
Managing Director
Salta Properties
Level 26, 35 Collins Street
Melbourne, VIC 3000

Dear Sam,

RE: PORT OF MELBOURNE SELECT COMMITTEE SUBMISSION – LETTER OF ENDORSEMENT

On behalf of Austrak Pty Ltd who are significant landowners in Melbourne and the owners of the Somerton Inland Port facility as referenced within your submission, and as identified by Government as the ideal northern location for an inland port we endorse your submission to the Port of Melbourne Select Committee regarding the establishment of efficient port rail shuttle, and inland port operations in Melbourne.

Austrak and Salta have formed an Alliance to respond specifically to the Government defined Port Rail Shuttle project (formally called the Metropolitan Intermodal System) which requires the development of three inland ports in Melbourne in the key locations of Altona, Somerton and Dandenong South. These sites are to be connected to the Port of Melbourne via efficient Port Rail Shuttle services.

The Austrak Somerton facility is ready to go and available for the operations as outlined in the Salta submission and only requires relatively minor rail connection works to create an efficient link to the south for the facility (currently only a northbound connection is in place).

We support the key objectives and recommendations to the Select Committee as outlined in the Salta submission and encourage Government to fast track this project and the release of the already budgeted funds for the Port rail upgrade and inland port rail connection works.

In our opinion Victoria is falling behind other States in terms of transport infrastructure and in particular the use of metropolitan rail.

We strongly encourage the Select Committee to consider the jobs, the economic and environmental benefits associated with the proposition and that they unreservedly support the project.

Kind Regards,

Clarenzo Perna
National Development Manager



ARA15PA/91

10 September 2015

Sam Tarascio
Managing Director
Salta Properties
Level 26, 35 Collins Street
MELBOURNE VIC 3000

Dear Mr Tarascio,

Re: Port of Melbourne Select Committee Submission - Letter of Support

The Australasian Railway Association (ARA) is the peak body for the rail industry in Australia and New Zealand. The ARA has been aware of the proposed Port Rail Shuttle Project since its inception and has consistently supported the concept. The ARA recently noted the Federal Government's support for the project.

Port shuttles are a very efficient way to move freight through metropolitan areas and there are many successful examples across the world, including in Sydney. The Port Rail Shuttle Project would ensure Victoria becomes a leader in Australia in this type of infrastructure and operation and the project is likely to bring a focus to Melbourne in terms of how well it manages freight through the metropolitan area.

The ARA strongly supports freight being moved by rail as it is better for the environment, reduces congestion and is reliable and efficient particularly when the terminals are designed as freight cities incorporating roads, rail and distribution centres.

The ARA has noted the SALTA submission to the Port of Melbourne Select Committee. There are two issues that have been raised I would like to comment on. Firstly, using funds raised from the sale of the port to support the Port Rail Shuttle Project would aid the project which as I have mentioned above, is supported by the ARA for the benefits it will bring to Melbourne and Victoria. Secondly, it is essential the Port Rail Shuttle Project integrates with land side infrastructure developments at the port. The appropriate rail infrastructure including direct access to the main dock is critical to maximize efficiency and effectiveness from the project. It would seem sensible for this to be built into the sale process including the option of government back up.

The ARA encourages the Select Committee to consider the jobs, the economic and environmental benefits associated with the proposition and that they unreservedly support the project.

Yours sincerely,



Phil Allan
Chief Operating Officer
Australasian Railway Association



**Container Transport
Alliance Australia**

Dedicated. Connected. Better.

7th September 2015

Mr. Sam Tarascio
Managing Director
Salta Properties
Level 26, 35 Collins Street
Melbourne VIC 3000

Dear Sam,

Re: Inquiry into the Proposed Lease of the Port of Melbourne – Salta Submission on Inland Ports / On Dock Rail to the Parliamentary Select Committee

Thank you for the opportunity to review the submission of Salta Properties to the Victorian Parliamentary Committee Inquiry into the long-term lease of the Port of Melbourne.

Container Transport Alliance Australia (CTAA) provides consulting, business support and advocacy services to the landside container transport logistics sector in each of the major capital city ports in Australia.

In Victoria, our Alliance companies consist of container transport operators, empty container parks, rail / intermodal operators, importers & exporters, and international & domestic freight forwarders. Together, our Alliance companies are responsible for the landside movement of over 80% of the containers handled through the Port of Melbourne.

CTAA supports your submission to the Inquiry regarding the establishment of efficient on-dock rail facilities in the Port of Melbourne, port rail shuttle operations, and complementary inland port intermodal operations to and from strategic metropolitan locations.

In the Government's own submission to the Inquiry (*POM Submission 8, September 2015*), it notes that once the current Port Capacity Project is complete, the physical capacity of the Port of Melbourne has been forecast at around 5 million Twenty-Foot Equivalent Units (TEU), after which there are a number of options cited to deal with continued container trade growth (*section 1.5.1*).

The options mentioned are:

- a) Further expansion of the Port of Melbourne facilities (towards 7 to 8 million TEU capacity);
- b) Build new capacity at a second container port; and/or
- c) Land bridge – i.e. transport goods overland from another capital city port.

We would respectfully suggest that an additional option is the development of rail / intermodal capacity to rapidly evacuate containers away from, and deliver containers to, existing container stevedoring terminals via inland intermodal facilities.

This would allow the international container stevedores to reduce container dwell time within their terminal facilities, thereby increasing landside throughput capacity utilising existing container handling equipment. For example, if you halve the dwell time of containers in any facility, you double the landside throughput of the facility.

The Salta submission, backed by independent consulting advice, forecasts that an additional 1.4 million TEU of capacity can be created through the use of inland intermodal facilities.

In addition, an obvious capacity constraint that manifests itself in any port in the World where trade growth challenges handling capacity is the number (and productive payload capacity) of road transport vehicles that can be processed through container stevedore terminals in any given period – known as truck gate capacity.

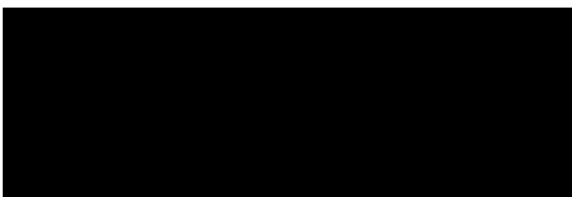
Road transport operations will continue to be an important landside freight delivery reality in the Port of Melbourne, and efforts must continue to be directed to achieving maximum productive use of this mode to meet freight demand.

However, the facilitation of efficient, productive and cost-effective metropolitan (and regional) rail operations is needed to reduce and defer the road transport gate capacity equation. This would also have attendant impacts on road freight traffic and potential congestion in the immediate port precinct, as well as on the road network accessing the Port.

This is not a road vs. rail debate. Both landside modes need to be efficient, productive and cost effective to gain the optimum landside container transport outcomes associated with trade growth through the Port of Melbourne.

We encourage the Select Committee to embrace the Salta submission, and to amend the proposed legislation to promote the establishment of a viable rail / intermodal terminal network in conjunction with the long term lease of the Port of Melbourne.

Yours sincerely,

A large black rectangular redaction box covering the signature area of the letter.

Neil Chambers
Director
Container Transport Alliance Australia (CTAA)



Monday 7th September 2015

Fonterra Co-operative Group Limited
327 Ferntree Gully Road
Mount Waverley VIC 3149
Australia
www.fonterra.com

Sam Tarascio
Managing Director
Salta Properties
Level 26, 35 Collins Street
Melbourne, VIC 3000

Dear Sam,

Re: Port of Melbourne Select Committee Submission - Letter of Endorsement

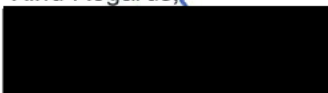
On behalf of Fonterra Australia which is a significant exporter and user of the Port of Melbourne we endorse your submission to the Port of Melbourne Select Committee regarding the establishment of efficient port rail shuttle, and inland port operations in Melbourne.

Fonterra has a significant presence in Victoria and is a significant employer, employing over 1000 people in Victoria alone, with significant downstream employment. Our presence here depends on efficient transport infrastructure, and in particular efficient and sustainable connections to the Port of Melbourne. To remain competitive, Victoria needs to innovate and we see the Salta proposition as being part of this innovation.

In our opinion Victoria is falling behind other States in terms of transport infrastructure and in particular the use of metropolitan rail.

We encourage the Select Committee to consider the jobs, the economic and environmental benefits associated with the proposition and that they unreservedly support the project.

Kind Regards,



Brendan Miller
GM Logistics and Distribution
Fonterra Co-operative Group Limited

9 September 2015

Port of Melbourne Select Committee
Parliament of Victoria
Parliament House
Spring Street
East Melbourne, VIC 2003

RE: Salta Submission to Parliamentary Select Committee

Dear Port Committee

Freight & Trade Alliance (FTA) represents 207 businesses in the international trade sector, mainly freight forwarders and customs brokers with an increasing number of international traders including Woolworths, Myer, Target, Pfizer, Toshiba and the like.

As well as being an advocate of businesses, FTA is also provides a support role to peak industry associations including the Australian Retailers Association and Australian International Movers Association (AIMA) where we support the interests of their respective memberships in international trade related matters. FTA is also the Australian representative body for the International Federation of Customs Brokers Associations (IFCBA).

In summary, with the combined power of our membership, we represent approximately 70% of inbound containerised trade for the East Coast of Australia.

Our stated vision is to establish a global benchmark of efficiency in Australian border related security, compliance and logistics activities. An efficient landside interface with port operations is essential in ensuring improved productivity to support Australian commerce.

We have received feedback from our constituency supporting the key principles of the Salta submission. The continuation of the Port Rail Shuttle (PRS) project is seen as a critical investment and the facilitation of rail shuttle services to and from the Port of Melbourne is welcomed by industry, comparable to investment at Botany and other major global ports.

We have made public statements and media commentaries about the need for on-dock rail and rail shuttles to service the Port of Melbourne to ease future capacity issues and for obvious productivity gains. We recommend the linking of these developments to the Port of Melbourne lease process, where these requirements can be enshrined in legislation. We believe that the lease process provides an ideal opportunity to revise the Port Development Strategy with a clear vision for a future intermodal network.

In summary, FTA endorses the attached submission as a means of achieving a more efficient and productive Port of Melbourne delivering benefits to the entire international trade supply chain.

Yours sincerely



Paul Zalai
Director and founder – Freight & Trade Alliance (FTA)

Habitat Melbourne Trust

Patrons: Sir Ninian Stephen, Ross Mellor and Anna Mellor
 Chairman: Prof Allan Rodger
 Secretary: Ken King
 Board Members: Stephen Axford, Stan Cox, Fred Maddern
 habitattrustmelbourne.org.au tel 9044 7534



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

11th September 2015

Dear Mr Delaney

INQUIRY INTO THE PROPOSED LEASE OF THE PORT OF MELBOURNE

The Habitat Trust has been closely associated with issues related to the Port of Melbourne and its relationship with the Greater Melbourne area for many years. Over recent years it has been hosted, successively, by the Rees brothers of CRT, Queensland Rail and most recently Aurizon. Habitat has also been active in LeadWest, the Western Transport Alliance and many of the municipalities of the west. Alongside this direct experience with Melbourne's transport and logistics activities there has been extensive involvement with the role of Melbourne, and in particular the Port of Melbourne, as the key logistics and service hub in the extensive four-state hinterland of South and East Australia.

Habitat's views on how the Port of Melbourne ought to be connected with its various clients has been set out in a submission to the Premier of 8th January 2015 (Towards a 21st Century Transport System for Victoria Logistics and Primary Freight). This advocated "establishing inland ports connected to the docks by a dedicated, stand alone, primary freight transportation system that is either below ground or above grade level and thus avoids all interaction with any of the existing surface transport systems." The submission is accompanied by description of the relevant transport technology: essentially trams for containers.

These ideas have been extensively discussed. The response from a wide range of those who are actively involved has been that this is, indeed, a highly desirable system for the future - albeit that none of the individual participants see themselves as being able to implement it. To achieve this

desirable future in the interests of the public good requires that the Government accepts its responsibility to provide vision, leadership and commitment.

Habitat is also well aware that its proposals are available only in the longer term; there is no way that they could be implemented quickly. There is, therefore, a need for some short to medium term resolution of the current situation. It is in this context (and while reaffirming its longer term objective) that Habitat supports the immediate implementation of a rail freight system connecting the Melbourne waterside to inland ports. Very fortunately for Melbourne, Victoria and its four-state hinterland there is a solution immediately at hand. The Salta Austrak proposition for rail connection between the Port of Melbourne (Footscray Road) and inland ports requires only the mobilisation of a small amount of funding already assigned in the current budgets of the State and Commonwealth Governments to achieve this outcome. Very much larger sums already expended by the private sector have resulted in the establishment of three large inland ports, Salta and Austrak, while previous governments have spent large sums to facilitate connecting the rail system to the Footscray Road waterfront. Access to the rail system has already been negotiated by Salta/ Austrak. In addition there would be the opportunity to greatly improve border security through on-rail scanning of all container freight (as against the current rate of only a few percent through a much slower process.) Habitat wrote to the Premier on 25th June supporting the Salta/ Austrak proposition.

To identify priorities in the current situation Habitat has done a rough comparison between the Salta/ Austrak proposals and the proposals for the West Gate Distributor or the Western Distributor (See attached file: Habitat Salta x Western Distributor 19-08-15). Its conclusion is unequivocal:

- 1. That the State Government should now approve the Salta/Austrak proposition and facilitate its implementation for operation by the end of 2016.**
- 2. That the case for increasing the connectivity services (road, light rail, rail, etc.) of the western suburbs to and across the centre of Melbourne should be vigorously pursued and a practical resolution clearly articulated.**

The implications for any sale of a long-term lease of the Port of Melbourne are clear. The Habitat Trust recommends that:

- 1. The terms of the lease should contain provision for the introduction and operation of a dedicated, stand-alone primary freight system connecting all the major docks of the Port of Melbourne to a series of inland ports.**
- 2. The Salta/Austrak proposals should be implemented immediately and integrated into the terms of the lease.**

Allan Rodger
Chairman, The Habitat Melbourne Trust, 11th September 2015

September 9, 2015

Mr Sam Tarascio
Managing Director
Salta Properties Pty Ltd
GPO Box 1700
MELBOURNE VIC 3000

Dear Mr Tarascio

PORT OF MELBOURNE SELECT COMMITTEE SUBMISSION ENDORSEMENT

I am pleased to provide this letter of support for the Salta Properties submission to the Port of Melbourne Select Committee.

I write to you on behalf of LeadWest, the regional advocacy organisation supporting sustainable growth and regional development in Melbourne's west. Created initially by a group of local governments, LeadWest is a nonpartisan and not-for-profit, membership-based organisation. LeadWest's membership includes all six local governments in Melbourne's west and they are joined by major companies and other organisations, each with substantial operations or interests that are based in Melbourne's west. LeadWest also has a growing number of Affiliates, primarily not-for-profit organisations and each playing a significant role in our region. You can access more information on LeadWest at www.leadwest.com.au

LeadWest welcomes the review by a Victorian Legislative Council Select Committee of the enabling legislation required to lease the Port of Melbourne and recognises that review is a good opportunity to voice concerns regarding the Port lease sale, and make suggestions regarding the Port Transaction Bill.

LeadWest congratulates Salta Properties on its engagement with the Victorian Government in a project to integrate the Port of Melbourne with 'Inland Port' facilities in Altona, Somerton and Dandenong South.

LeadWest agrees that when Inland Port facilities are combined with efficient Port Rail Shuttles, significant benefits are created for the community, the environment, and the supply-chain.



LeadWest agrees that it is imperative that arrangements are put in place physically and legislatively before the Port is leased to ensure the completion of the Metropolitan Intermodal System, including Metropolitan Port Rail Shuttle operations.

LeadWest facilitated the creation of the Western Agenda, which is a strategic action plan for Melbourne's west. The Western Agenda focuses on uniting and working together to create a prosperous, sustainable, healthy and fair region and improve the lives of people forming the communities of Melbourne's west. A copy is available at www.leadwest.com.au/Resources/Western-Agenda

The Western Agenda includes the following relevant goals under "Thread 5 Enabling Infrastructure":

- Renewed and expanded enabling infrastructure in Melbourne's west.
- Improved transport efficiency throughout the region.

The Western Transport Strategy reflects these goals in the Western Agenda. It was developed by Leadwest, the Western Transport Alliance and the local governments of Melbourne's west to prioritise projects that improve transport services and associated infrastructure across Melbourne's west.

The Western Transport Strategy notes that:

- Freight volumes are expected to grow, particularly in interstate and international movements.
- The Port of Melbourne's location means that landside access is via increasingly congested routes.
- The Victorian Government has identified both the need to move containers to and from the Port of Melbourne more efficiently through use of better freight transport technologies, including High Productivity Freight Vehicles and rail freight.

The Western Transport Strategy lists as one of the priority projects the Western Freight Activity Centre (incorporating Western Intermodal Freight Terminal and Metropolitan Intermodal System). This project integrates the planned development of the Western Intermodal Freight Terminal, the Metropolitan Terminal System, the rail and road (HPFV) access routes, and the adjacent land uses into a single Activity Centre development.



The Western Transport Strategy states that each element of the proposed Western Freight Activity Centre is a substantially important initiative in its own right:

- The Western Interstate Freight Terminal is a proposed intermodal terminal to replace the less efficient Dynon terminal. It has significant efficiency, productivity and land use benefits.
- The Metropolitan Intermodal System terminal is intended to encourage freight consolidation in the Region with use of HPFVs or rail to access the Port. It could be a key contributor to reducing the amenity impact of trucks on residents of the inner west.
- The access routes are crucial to the functionality of the terminals and early resolution of design issues is important to secure optimal long-term performance.
- A supporting ‘freight village’ could provide a concentration of employment opportunities within Melbourne’s west – supporting public transport and non-freight access also needs to be carefully planned.

LeadWest recognises that Salta has developed the 40ha Nexus Industrial Intermodal Terminal at Altona and Maersk Line has become the anchor tenant at that location. We note that Salta has expressed the view that it would welcome future development of the Western Freight Activity Centre at Truganina and would seek to participate in its development.

LeadWest’s Board has considered Salta’s submission to Select Committee and endorses the following specific objectives:

1. Ensuring funds from the Port lease sale are available to support Port landside integration projects, such as inland port developments (i.e. rail connections) and support for Metropolitan Port Rail Shuttles.
2. Ensuring the new Port lease owner is obliged to consider landside integration issues, including the installation of appropriate metropolitan rail infrastructure (specifically on-dock rail terminals with direct access to the Swanson Dock container terminals).
3. Ensuring the Victorian Government maintains ‘step in’ rights if the new Port owner is unwilling or unable to take the necessary steps to integrate the port efficiently with the landside, including supplying appropriate infrastructure for servicing Metropolitan Port Rail Shuttles.



4. Requiring Port Bidders, as part of the Port Lease tender process, to submit a 'Landside Integration Plan' detailing how they will achieve the required objectives.

LeadWest's Board notes that if implementation of the Metropolitan Intermodal System with Salta's Nexus Industrial Intermodal Terminal at Altona as one of the western inland ports will result in amenity impacts from additional freight train trips on the ARTC leased line from the Port of Melbourne through residential interfaces in Footscray, Tottenham, Kingsville/Yarraville, South Kingsville, Newport, and Williamstown North.

There are five level crossings at Somerville Road in Brooklyn, Francis Street in Brooklyn, Kernot Street in South Kingsville, and Champion Road and Maddox Road in Williamstown North at which boom gates would be down more frequently when the Port Rail Shuttle is operating. Local traffic impacts would result.

Port Rail Shuttle trips on this railway line would also generate greater freight rail noise impacts where the railway line passes through residential areas in Yarraville, South Kingsville, and Newport. LeadWest's Board notes that the Victorian Government has released a Passenger Rail Infrastructure Noise Policy, but not a Freight Rail Infrastructure Noise Policy.

Consequently, LeadWest will be engaging with the Victorian Government to seek solutions to the level crossing issues and a Freight Rail Infrastructure Noise Policy with appropriate retrospective applicability to balance the benefits of new freight rail operations with the possible impacts on those living nearby to freight rail infrastructure.

Thank you for engaging LeadWest in consultation on Salta's project proposal and submission to the Select Committee. I look forward to LeadWest and Salta continuing to work together for the good of Melbourne's west.

Yours sincerely



Craig Rowley
CEO
LeadWest

10th September, 2015

Sam Tarascio
Managing Director
Salta Properties
Level 26, 35 Collins Street
Melbourne, VIC 3000

Dear Sam,

Re: Port of Melbourne Select Committee Submission - Letter of Endorsement

On behalf of Maersk Line which is a shipping line we endorse your submission to the Port of Melbourne Select Committee regarding the establishment of efficient port rail shuttle, and inland port operations in Melbourne.


Specifically we support the key objectives and recommendations to the Select Committee as outline in the submission;

1. Ensure funds from the Port lease sale are available to support Port landside integration projects, such as inland port developments (i.e. rail connections) and support for Metropolitan Port Rail Shuttles.
2. Ensure the new Port lease owner is obliged to consider landside integration issues, including the installation of appropriate metropolitan rail infrastructure (specifically on-dock rail terminals with direct access to the Swanson Dock container terminals).
3. Government should maintain 'step in' rights if the new Port owner is unwilling or unable to take the necessary steps to integrate the port efficiently with the landside, including supplying appropriate infrastructure for servicing Metropolitan Port Rail Shuttles.
4. That as part of the Port Lease tender process and as a 'condition of sale', Port Bidders should be required to submit a 'Landside Integration Plan' detailing how they will ensure the installation and operational viability of metropolitan port rail shuttles.

In our opinion Victoria is falling behind other States in terms of transport infrastructure and in particular the use of metropolitan rail.

We encourage the Select Committee to consider the jobs, the economic and environmental benefits associated with the proposition and that they unreservedly support the project.

Kind Regards,


Anthony Randell
Managing Director
Maersk Line Australia

MARIBYRNONG TRUCK ACTION GROUP



MTAG

Less trucks for the inner west

c/- PO BOX 215
YARRAVILLE VIC 3013

info@mtag.com.au

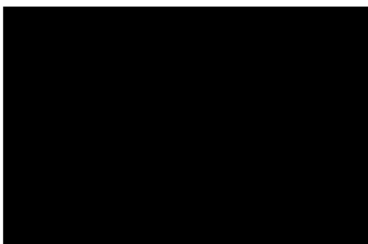
www.mtag.org.au

5 September 2015

ENDORSEMENT OF SALTA PROPERTIES SUBMISSION TO THE INQUIRY INTO THE PROPOSED LEASE OF THE PORT OF MELBOURNE

The Maribyrnong Truck Action Group are a resident-based community group campaigning to reduce truck numbers on residential streets in the inner western suburbs of Melbourne. The excessive numbers of port trucks on our narrow residential streets impact severely on our health, safety and residential amenity.

We believe freight on rail must form part of any solution to reduce truck numbers on local roads. We support projects like Salta's Metropolitan Intermodal System to get freight onto rail and away from residential streets. We encourage the State Government to investigate this proposal in a timely manner and make intermodal hubs a reality.



*Samantha McArthur
President
Maribyrnong Truck Action Group (MTAG)*



SOUTHERN SHORTHHAUL RAILROAD

POM SUBMISSION 55

HOLDCO HOLDINGS PTY LTD

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ABN 77 065 295 016

8 September 3, 2015

Sam Tarascio
Managing Director
Salta Properties
Level 26, 35 Collins Street
Melbourne, VIC 3000

Dear Sam,

Re: Port of Melbourne Select Committee Submission - Letter of Endorsement

On behalf of Holdco Holdings Pty Ltd which is a Rail Freight Services Operator we endorse your submission to the Port of Melbourne Select Committee regarding the establishment of efficient port rail shuttle, and inland port operations in Melbourne.

Specifically we support the key objectives and recommendations to the Select Committee as outline in the submission;

1. Ensure funds from the Port lease sale are available to support Port landside integration projects, such as inland port developments (i.e. rail connections) and support for Metropolitan Port Rail Shuttles.
2. Ensure the new Port lease owner is obliged to consider landside integration issues, including the installation of appropriate metropolitan rail infrastructure (specifically on-dock rail terminals with direct access to the Swanson Dock container terminals).
3. Government should maintain 'step in' rights if the new Port owner is unwilling or unable to take the necessary steps to integrate the port efficiently with the landside, including supplying appropriate infrastructure for servicing Metropolitan Port Rail Shuttles.
4. That as part of the Port Lease tender process and as a 'condition of sale', Port Bidders should be required to submit a 'Landside Integration Plan' detailing how they will ensure the installation and operational viability of metropolitan port rail shuttles.

In our opinion Victoria is falling behind other States in terms of transport infrastructure and in particular the use of metropolitan rail.

We encourage the Select Committee to consider the jobs, the economic and environmental benefits associated with the proposition and that they unreservedly support the project.

Kind Regards,


Brent Nally
Director
- Workshop & Finance
Southern Shorthaul Railroad



8 September 3, 2015
Sam Tarascio
Managing Director
Salta Properties
Level 26, 35 Collins Street
Melbourne, VIC 3000

Dear Sam,

Re: Port of Melbourne Select Committee Submission - Letter of Endorsement

On behalf of Yang Ming (Australia) Pty Ltd which is an International Shipping Line; we endorse your submission to the Port of Melbourne Select Committee regarding the establishment of efficient port rail shuttle, and inland port operations in Melbourne.

Specifically we support the key objectives and recommendations to the Select Committee as outline in the submission;

1. Ensure funds from the Port lease sale are available to support Port landside integration projects, such as inland port developments (i.e. rail connections) and support for Metropolitan Port Rail Shuttles.
2. Ensure the new Port lease owner is obliged to consider landside integration issues, including the installation of appropriate metropolitan rail infrastructure (specifically on-dock rail terminals with direct access to the Swanson Dock container terminals).
3. Government should maintain 'step in' rights if the new Port owner is unwilling or unable to take the necessary steps to integrate the port efficiently with the landside, including supplying appropriate infrastructure for servicing Metropolitan Port Rail Shuttles.
4. That as part of the Port Lease tender process and as a 'condition of sale', Port Bidders should be required to submit a 'Landside Integration Plan' detailing how they will ensure the installation and operational viability of metropolitan port rail shuttles.



In our opinion Victoria is falling behind other States in terms of transport infrastructure and in particular the use of metropolitan rail.

We encourage the Select Committee to consider the jobs, the economic and environmental benefits associated with the proposition and that they unreservedly support the project.

Kind Regards,



Hamish White

General Manager

Yang Ming (Australia) Pty Ltd