

Select Committee Inquiry into the Proposed Lease of the Port of Melbourne

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Port of Melbourne Corporation

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Proposed Port Lease

PoMC role

- PoMC's role is to cooperate with and assist the shareholder
- Engagement with DTF during the process
- Undertaking necessary preparation and planning for business separation
- Engagement with staff to guide them through the process

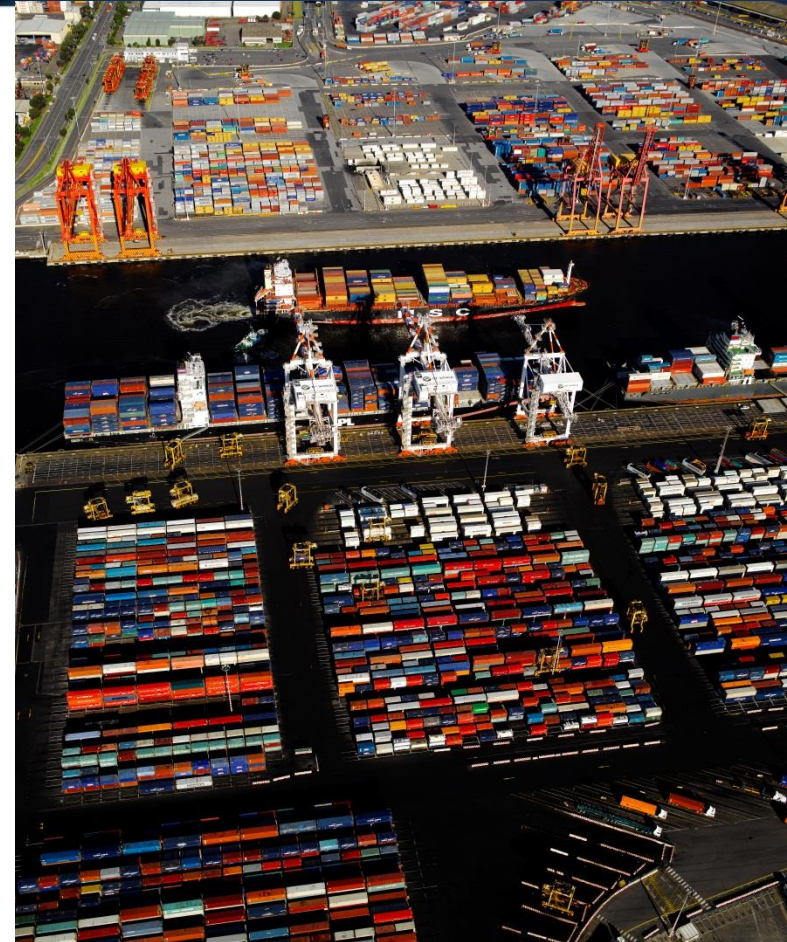


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Port of Melbourne – an overview

- Australia's largest container and automotive port
- 36% of national container trade
- 2.58 million containers per year
- 3000 ship visits annually
- Over 7000 containers a day on average
- Ranked #60 internationally
- Top 5 southern hemisphere



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Role and governance

- PoMC established in 2003 from merger of MPC and VCA
- Government Business Enterprise
- Defined as a 'transport body' under the *Transport Integration Act 2010*
- Responsible for strategic management and development of the Port of Melbourne
- Most operations undertaken by private sector
- Board of Directors x 9
- Total staff of 221



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Business model

- Self-funded business
- Operates a 'landlord model'
- Revenue from:
 - *wharfage*
 - *shipping channel fees*
 - *rent from tenants*
- Revenue of \$368 million in 2013-14
- Pay dividend to shareholder



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Assets and facilities



- 510 hectares
- 36 commercial berths
 - container terminals
 - liquid bulk
 - dry bulk
 - break bulk
 - motor vehicle
 - cruise shipping
- Wharf length of 7 kilometres in total

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Operations

- Safe navigation the highest priority
- Over 75,000 ship movements in the last 12 years (excluding Geelong transits)
- Commonwealth (AMSA) accreditation to operate as a VTS Authority
- Modern communications centres
- Manages Channels that service Melbourne and entry to Geelong
- ₇ Regulates Towage



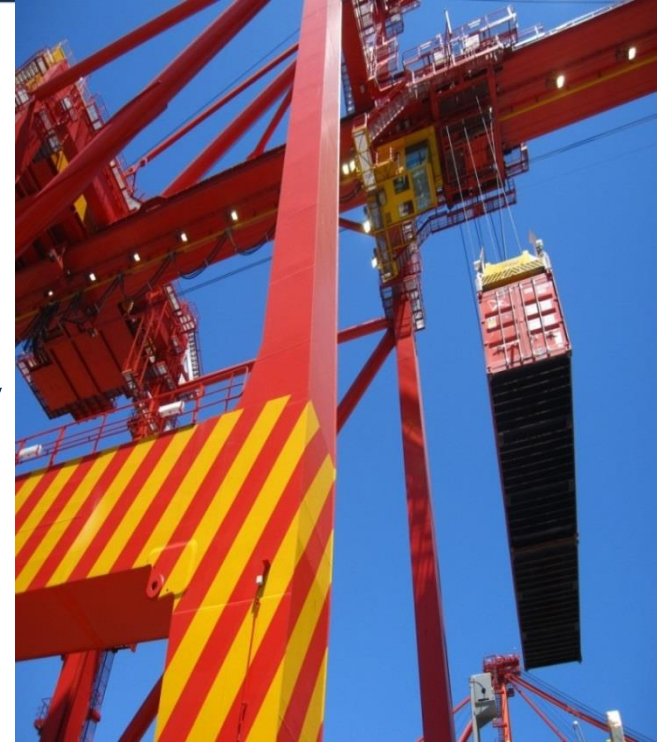
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Port pricing

- PoMC's fees and charges outlined in Reference Tariff Schedule (RTS)
- Transparent process
- RTS reviewed annually and is effective from 1 July each year
- Prescribed services subject to ESC monitoring
- Pricing Policy Statement in place
- CPI increase for 2015-16
- Price freeze on loaded container exports for 2015-16
- Further 2.5% reduction each year over four years.



Strategic trade hub

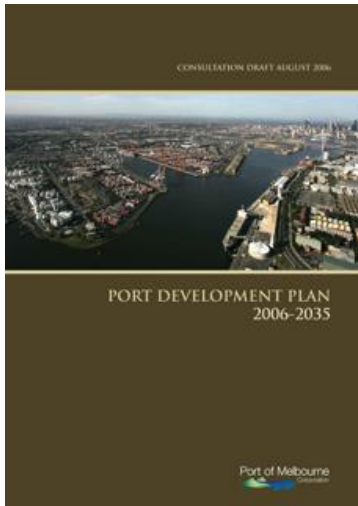
- Trade catchment extends across south-eastern Australia
- Around **25** weekly direct call shipping services to Asia, North America and Europe
- Regular Bass Strait shipping services
- Ample supply of shipping capacity
- Majority of ship sizes berthed at the PoM : **4,000 to 5,000 TEU**
- Vessel size determined by physical characteristics, trade volumes, interstate ports and shipping trends



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Port Capacity



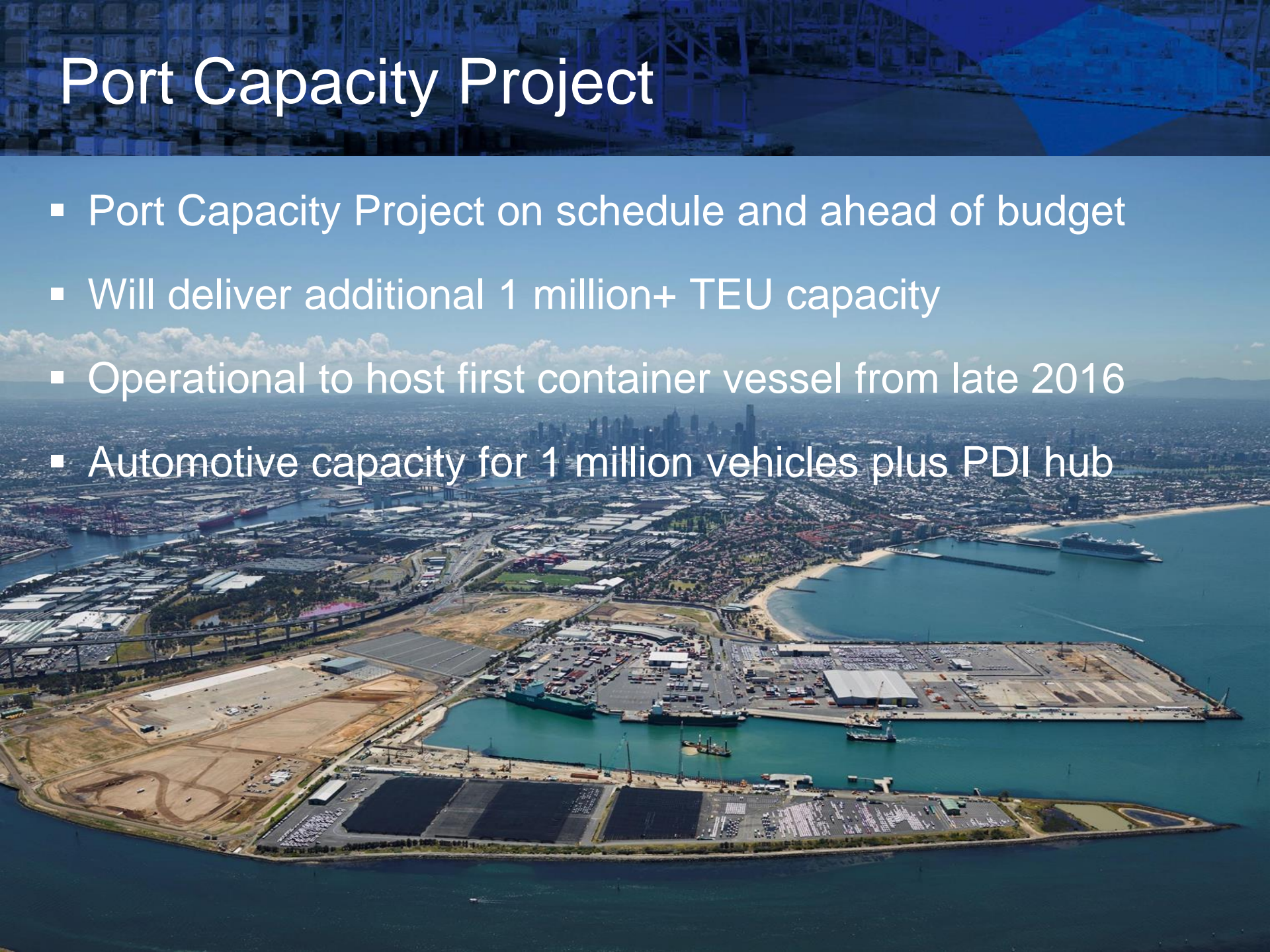
- Port development plans to accommodate future capacity previously outlined in:
 - *Port Development Plan (2006)*
 - *Port Development Strategy – 2035 Vision (2009)*
- Plans based on a variety of assumptions including trade growth, land footprint and Government policy settings of the day



- Those plans indicate up to 8 million TEU capacity over time
- Key drivers of trade are population and climate eg. rainfall
- Port Capacity Project - 5.3 million TEU (2012)

Port Capacity Project

- Port Capacity Project on schedule and ahead of budget
- Will deliver additional 1 million+ TEU capacity
- Operational to host first container vessel from late 2016
- Automotive capacity for 1 million vehicles plus PDI hub



Dredging



- Channel Deepening Project successfully delivered
- First time 'The Heads' had been dredged
- Low impact dredging methodology
- New benchmark for dredging environmental management
- Rigorous approval process with stringent EMP
- No adverse long-term consequences and delivered in a sustainable way
- Dredging requires relevant approvals



For more information,
please visit www.portofmelbourne.com

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