C O R R E C T E D   V E R S I O N

PORT OF MELBOURNE SELECT COMMITTEE

Inquiry into the proposed lease of the port of Melbourne

Geelong — 24 September 2015

Members

Mr Gordon Rich-Phillips — Chair
Mr Daniel Mulino — Deputy Chair
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Mr Damian Drum
Mr Craig Ondarchie
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Ms Harriet Shing
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Witness

Mr Michael Rocke, Operations Director, Rocke Brothers.

The CHAIR — I declare open the Legislative Council Port of Melbourne Select Committee public hearing. This hearing is in relation to the inquiry into the proposed lease of the port of Melbourne. I request that all mobile telephones now be switched off. I welcome Michael Rocke, operations director of Rocke Brothers. Thank you for making yourself available to the committee this morning.

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 any information you provide in the hearing this morning is protected by law; however, any comments made outside the hearing may not be so protected. All evidence is being recorded, and you will be provided with a proof version of the transcript within the next couple of days for any corrections.

The committee has assigned 45 minutes for this session. Mr Rocke, we invite you to make an opening statement if you wish, and the committee will then proceed with questions. Thank you for your time this morning.

Mr ROCKE — Thanks very much. Thank you for the opportunity to present today. The Rocke family have been involved in the delivery of freight to the Melbourne wharf since 1857. The business is currently the largest independent operator on the Melbourne waterfront with in excess of 100 vehicles based from two sites in Brooklyn and Lara. Should you be returning this afternoon, our Lara depot is located on the Geelong freeway. Hopefully you will notice a 50-tonne forklift loading a shipping container onto a vehicle.

The port of Melbourne services both importers and exporters and is the gateway for trade in Victoria, Tasmania, eastern South Australia and southern New South Wales. The majority of the transport task is undertaken by road, with 250 wharf carriers registered with the shipping terminals at Swanson Dock. The 10 largest service providers in our industry currently account for approximately 60 per cent of the overall freight task. Each of these wharf carriers operates a comprehensive depot service, with equipment and property to transit containers via a satellite site. Most importers and exporters are open for 10 hours Monday to Friday, whereas the stevedores operate 24/7 with a complex receivable and delivery program outside of normal business hours. Consequently most containers are housed at a carrier’s premises prior to being handled by the importer and exporter.

Provision of this facility by road carriers has enabled Melbourne to become an efficient and cost-effective port. My understanding is that this inquiry is to ensure that the current competitiveness, supply-chain integrity and cost of goods handled through the port of Melbourne are not adversely impacted subject to the introduction of the successful bidder. The proposed act allows the commercial arrangements for prescribed and non-prescribed participants. The container delivery and collection function from the stevedore is performed under the non-prescribed section of this legislation. My concern is that unlike the prescribed services, there is no restriction on any cost increase should the port operator wish to introduce new charges to the industry.

Recently the current landlord requested a 670 per cent rental review at West Swanson Dock. The tenant thereafter indicated that this increase would be passed on to my industry, with an infrastructure levy of between $45 and $55 per TEU. The wharf cartage industry would have no option but to pass this charge on to our customers. When we are negotiating with our clients, they regularly comment on freight that is contestable between states. For example, cotton is sourced from northern New South Wales and is regularly routed via Melbourne as we incur less port charges and offer a more reliable delivery service. Products such as containerised grain, which are relatively low value, are totally susceptible to wharf fees, and the exporters will rout the shipments to the port which offers the most effective cost solution.

Interestingly, my business recently completed a customer survey analysis of our 25 largest clients. The overwhelming response was that the price per unit has become the largest determinant in the selection of a wharf carrier. In fact industry prices have remained relatively constant in the last five years subject to competition, extended working hours and larger trucks with greater carrying capacity.

Most of the manufacturing export base has now left Victoria, and the shortfall has been replaced by agricultural products such as wheat, barley, cotton, milk powder and timber. As previously indicated, these products often originate interstate and, as they are often of low commercial value, they remain highly susceptible to price variations. My overwhelming concern is that if the future port of Melbourne operator is unable to achieve the necessary financial target, then the temptation will be to increase charges to the unregulated sector of the industry. Inevitably this action will chase trade away from the port.

In closing, we have a port that we should be proud of. In respect of the container shipping trade, both the local stevedores and the wharf carriers have invested significantly in infrastructure. The capacity to deliver on time at a reasonable price has ensured that Melbourne remains the largest container port in the country. Thank you.

The CHAIR — Thank you, Mr Rocke. The committee appreciates your perspective based on a very long-term family business operating in logistics in Victoria. I am interested in your comments around the impact of the proposed increase in rents at Swanson Dock, albeit unsuccessful. This is something the committee has received evidence on in parts. Can you give me an indication of your business's capacity as a user of the port to exercise any power over the setting of rents and the flow-through effects to your business? How much flexibility do you have if the $45 or $55 per TEU impost that you referred to were to flow through from that proposed increase you mentioned. What capacity do you have as a port user to avoid those charges? An alternative port, for example.

Mr ROCKE — In this case we would have no option other than to pass that charge onto the end customer, because we would have no capacity to absorb that quantum of increase in our business.

The CHAIR — So the port has effectively a monopoly power to set those rents and the flow-through impacts.

Mr ROCKE — Absolutely

The CHAIR — You as a user have no capacity to avoid the flow-through impacts.

Mr ROCKE — That is correct, and I understand that a situation has occurred in Brisbane where they pay quite a significant infrastructure levy which is between $35 and $40 a container, I understand. That is to do with rental increases to the port.

The CHAIR — You spoke about the shift from manufactured goods to commodity goods and commodities. What would the impost of $45 to $55 per TEU have in the end for the viability of the port and the viability of your business handling those commodities with the addition of that impost?

Mr ROCKE — The discussions I had with the exporters, especially the grain exporters, indicate that they would shift their cargo to alternative ports if extensive increases come into the port. The value of the product is so low that they simply look at what is the lowest dollar option to export the freight.

The CHAIR — In terms of percentage increase, what would that $45 to $55 increase have meant in terms of cost per TEU to your business?

Mr ROCKE — That would be at least a 10 per cent increase on our average container charge.

The CHAIR — What was your understanding of the background of that increase? Obviously the Port of Melbourne was seeking a large increase. That did not occur. What is your understanding and the industry's understanding as to why that was avoided on that occasion?

Mr ROCKE — The understanding from the industry was that the stevedore at West Swanson Dock was able to negotiate a better outcome than what was achieved with the new service provider at Webb Dock.

The CHAIR — Is there confidence within the industry that in a post-lease environment such an outcome could be achieved? The committee has heard evidence that obviously there is a lot of public attention around the lease of the port now. The Department of Treasury and Finance is an agent for the shareholder — the government — and was effectively in the room while those negotiations were taking place. Does your industry have confidence that post-lease, post-privatisation, such a negotiated outcome could be achieved if the operator is going into the room seeking a 6 or 700 per cent increase?

Mr ROCKE — From my perspective, I do not think our industry does have a lot of confidence that that would occur, that if significant rent increases were sought, that they could well be achieved by the new landlord.

The CHAIR — There is a range of estimates as to the value of the lease — multiple billions, 5, 6, 7 billion, pick a number. Whoever leases the port will need to get a return on that.

Mr ROCKE — Absolutely.

The CHAIR — Say, 10 per cent — keep it simple — so 5, 6, 700 million return on that investment. The port of Melbourne currently has revenues of about 300, $350 million. Conceivably to get that economic return could mean a doubling of revenue required by the port, and we spoke earlier about the prescribed services and non-prescribed. Like a balloon, squeezed here it will expand somewhere else. What would an increase of that magnitude mean to your sector, if suddenly the port needed to double its revenues to get that return on investment, needed to find new revenue lines that are not limited by economic regulation?

Mr ROCKE — If the mechanism was that the increase was tried to be recovered from my industry, well then my industry would have no option other than to pass that cost back onto the exporter. The exporter would then have to do his numbers to decide which port gave him the best alternative to export his freight from. They tell me that is how tight the margins would become.

Mr MULINO — I think everybody agrees that it is going to be important to keep cost pressures down in the industry and keep supply chain costs down. One thing that the government has put forward in its proposed lease transaction, and this is spelt out in the DTF submission, is a new economic regulation regime. Have you had a chance to look through the description of that?

Mr ROCKE — Not a great deal. I have read quite a bit about it, but I have not actually read the detail of the — —

Mr MULINO — Just a couple of high-level questions about that. What is being proposed is to broaden the scope of regulation by the ESC such that it covers 86 per cent of revenues. Would you support a broadening of regulation compared to where it currently is?

Mr ROCKE — Yes, I would.

Mr MULINO — And also their proposal is that it will apply the building block method, much as is used with utilities at the moment. That is something you are supporting?

Mr ROCKE — Yes.

Mr MULINO — That will, I think most people agree, put downward pressure on supply chain costs, which would be passed on to the consumers.

Mr ROCKE — Yes, absolutely.

Mr MULINO — Just another broad contextual question. While we might speculate on what might happen to port revenue, one might also speculate on what might happen to supply chain costs should a second port be built prematurely. The KPMG report, for example, suggested that if we were to accelerate the greenfields port sooner than we might extend operations at a brownfield site like the port of Melbourne, it might increase the costs of the supply chain. That would then be passed on to consumers, would it not? One suggestion that KPMG made was that it might be up to $200 per TEU.

Mr ROCKE — My understanding of the terms of the lease, or the proposed lease, is that if the port's container trade exceeds the existing stevedore, then the successful bidder would seek compensation from the government.

Mr MULINO — But I am thinking of a separate hypothetical situation where, say, an artificial cap was put on the port of Melbourne, let us say 5.3 million, and in that situation a second port had to be built earlier than it might otherwise, with all the greenfield costs. That might create costs for the supply chain that might have to be passed on.

Mr ROCKE — Usually my experience in the stevedoring and the freight sector is that if you build an alternative, it sparks competition, which often sparks a reduction in price. I understand there is a massive capital investment in building a new port, but — —

Mr MULINO — But that cost would have to be recovered.

Mr ROCKE — Absolutely. But I would not see building a new port in competition if the capacity was still available at the existing site.

Mr MULINO — No, although if you put an artificial cap on the port of Melbourne, you might.

Mr ROCKE — Could I ask why you would want an artificial cap on the port?

Mr MULINO — You should ask the previous government.

Ms SHING — The previous government did that.

Mr ROCKE — Okay.

Mr MULINO — Just clarifying that if you built a greenfields port, the cost of that would have to be passed on?

Mr ROCKE — Absolutely, yes.

Mr BARBER — What would a $50 or $60 per container charge do to the kind of bill that your customers get in the mail?

Mr ROCKE — Sorry, what would it do?

Mr BARBER — You mentioned like a $50 or $60 charge that had been mooted. What would that do to the ultimate bill of the person who is your customer? Is that a 1 per cent increase or a larger increase?

Mr ROCKE — You are asking what percentage increase that is?

Mr BARBER — If you are willing to give away that kind of information, yes.

Mr ROCKE — Yes, sure. It would be probably an 8 to 10 per cent increase.

Mr BARBER — Who are these customers of yours that you mention? Where are they and what sort of products?

Mr ROCKE — I have previously mentioned in the discussion most of the export products are now agricultural products. They are cotton or milk powder or grain, mulch, barley, this type of goods, which are highly susceptible to both price, because they are low value, and also to the world, prevailing economic conditions in the world. That has a very big impact. The impact to the import I think is less felt, for freight coming in, because it is of a higher value.

Mr BARBER — Some of them, like a third of their cost would be transport from their farm to the port, yes?

Mr ROCKE — Yes, absolutely. The cost of freight in a container of wheat, for example, is very high. As I have said previously, they will look at options where they will export the freight from.

Mr BARBER — Is there anywhere at the moment where you are involved in loading and unloading containers off rail, or is all of your work direct into the ports?

Mr ROCKE — No. I have been doing this for over 35 years. When I started in the business, each of the carriers, or most of the larger carriers, actually had rail sidings into their depots. The cost of operating the rail has meant that most of those sidings, or nearly all of those sidings, are now closed. There is no real efficient rail operation into and out of the port at the moment.

Mr PURCELL — My reading of what you are saying, you believe the port should stay in public hands?

Mr ROCKE — From a personal point of view I do believe it should stay in public hands. But I do understand that the state has a necessity to realise some capital as well.

Mr PURCELL — From a business operator or from the companies that actually export, do you see any benefit in the privatisation of the port?

Mr ROCKE — I think that the new landlord may bring some expertise and some infrastructure into the port that may benefit especially exporters in the future.

Mr DRUM — You mean the new lessee.

Mr ROCKE — Yes.

Mr PURCELL — What you have said is that at some stage if the prices go up, the exporters will go to another port. How important is it to have a good, strong port in Victoria?

Mr ROCKE — It is incredibly important. It offers employment to literally hundreds of thousands of Victorians, and I think actually we have in our industry and the stevedores and the port something that Victorians should actually be quite proud of. I think we do it very well.

Mr PURCELL — Right. So getting the balance correct in all of those is the answer to all of this. Getting efficiencies, getting the right prices out of the port and making sure it is a strong port is the issue we do have.

Mr ROCKE — Absolutely.

Mr PURCELL — Thank you.

Mr ONDARCHIE — Michael, thank you for your contribution this morning. You sort of outlined that margins are getting skinnier in your business. I understand that. Mr Mulino, in his question to you, talked about 86 per cent of the costs associated with the port of Melbourne would be regulated, but he asked you if you also favour broadening the regulations, and you said you did. What he failed to tell you was that stevedore rents will not covered by the regulations, and I suspect you will have some comments about that.

Mr ROCKE — No, we understand that, yes.

Mr ONDARCHIE — He also quoted from the KPMG report, which I find curious — the government supporting the KPMG report when they completely ignored the PricewaterhouseCoopers report into the grand final public holiday. Nonetheless — —

Mr MULINO — Is this a question?

Ms SHING — Not that that is relevant to anything we are talking about now.

Mr ONDARCHIE — Nonetheless, how do you feel, because the costs will flow to you, and ultimately your customers, in a very price-sensitive market that you outlined to us, about a 70-year monopoly where the rents — —

Ms SHING — It is a 50-year lease, Mr Ondarchie.

Mr ONDARCHIE — The legislation talks about 50 plus 20 — they are not sure, but I will let you know about it. So a 70-year monopoly where the rents —

Ms SHING — It is a 50-year lease.

Mr ONDARCHIE — are going to be unregulated. How will that flow through and impact your business?

Mr ROCKE — I think what I was asking for initially is that we would like some mechanism to cover the non-prescribed section of the bill. Interestingly, I think a reasonable person would say that after 50 years operationally I would see that the current port would be maxed out.

Mr DRUM — Twenty or 30.

Mr ROCKE — Yes. People are saying — you get all sorts of people. You will have every expert in the world here telling you at what period it will max out.

Mr ONDARCHIE — Minister Donellan said the next 30 years.

Mr ROCKE — I think that is probably quite reasonable. So we will have to be in the process, at that stage, of building a new port because some of the infrastructure issues in the current port preclude us from actually bringing bigger ships down the river to Swanson Dock because of the bridge and the turning circle there. So we are eventually going to have to look at building a second port anyway.

Mr ONDARCHIE — But in the meantime the rents will be unregulated.

Mr ROCKE — Clearly.

Mr ONDARCHIE — That must flow through your business to your customers.

Mr ROCKE — Absolutely, and that would be the case, because my industry cannot sustain the level of increases in the situation that has happened with Webb Dock.

Mr ONDARCHIE — Thanks, Michael. Rocke Brothers, given their history, are well placed to advise this committee in terms about our deliberations around this legislation. Given the legislation in its current state, and we are here to try to inform whether we vote on it in this current state, would you recommend we pass it in its current state?

Mr ROCKE — Yes. Looking at the broader picture, I think that this state needs to achieve the funding from the sale of the port.

Mr ONDARCHIE — Given all the intricacies around unregulated rents and everything else that goes with that — a compensation-seeking container port — would you support it in its current form?

Mr ROCKE — Yes, I would.

Ms TIERNEY — On a different tack, business obviously always likes increased certainty. Do you think that the notion of the Labor government's initiative of establishing Infrastructure Victoria will assist private enterprise in relation to initiatives that your business and other businesses need to undertake?

Mr ROCKE — Yes, I do think it will. We certainly have some major issues in the way that we are moving freight in metropolitan Melbourne and around the state at the moment. There are areas of Melbourne that are very heavily gridlocked throughout the day, and unless we start addressing these issues we are basically choking ourselves.

Ms TIERNEY — And in terms of your business, what particular infrastructure support projects do you require around the port of Melbourne?

Mr ROCKE — Interestingly, one of the things that I probably did not express myself very well on before is the infrastructure around the port of Melbourne. We had a lot of issues in Victoria in that we had a very archaic bridge network. Our interstate competitors have a better, stronger road network and they are now able to cart more weight on their roads. Effectively speaking, they are putting two containers on a truck whereas we are restricted to one and our bridge networks will not allow us in their current form to compete against those states, so we are falling behind there.

In regard to the port, I think one thing that needs to be understood a little is that the exit in and out of the port is not the big issue that it is often made out to be in the press, because most of the vehicles usually enter and exit the port in the middle of the night when there is no traffic. Our biggest issue is actually delivering the freight out to our customers in Dandenong when you cannot get up and down the M1 or the Eastern Freeway. We have quite a good road network on the western side of the city because it has been built more recently, but delivering into the east and the south-east corridors of Melbourne during the day is almost impossible. So in answer to your question, yes, we do.

Ms TIERNEY — As the port of Melbourne reaches capacity, where would your business prefer the location of the second port?

Mr ROCKE — I am just building a new business depot in Geelong, so I would be a bit biased if I said in the western suburbs! Interestingly it is far quicker for us to get to Geelong from Melbourne. It is about 25 per cent quicker than it is to get to Dandenong. On the western side of the state now there is very good infrastructure, and business has moved to that side of town. One of the reasons business moved to that side of town was because there is a lot of freight that is unpacked in Melbourne which is then delivered to Sydney overnight. So that freight is taken to warehouses on the western side of town and then road freighted to Sydney overnight. Those businesses were originally located in Dandenong — 30 years ago — but they can no longer get the freight overnight from their location to Sydney.

My answer from a road carrier's perspective would be on the western side of town, but I understand all the issues regarding shipping coming onto that side and the dredging that would be required to accept vessels as well.

Mr DRUM — Thank you, Michael. Would you be alarmed if the lessee of the port of Melbourne stated that they were interested in setting up their own stevedoring services?

Mr ROCKE — It is a massive capital cost. I think any competition is good competition.

Mr DRUM — In relation to the rent deal, which would have to be renegotiated in about 10 years time, if there was a further increase, would it be fair to suggest that it is not just the exporters that are going to get it in the neck and pass their costs onto the primary producers but it is also going to be in relation to the importers that are effectively going to pass costs onto every commodity that we import?

Mr ROCKE — Absolutely.

Mr DRUM — So that will hit every Victorian.

Mr ROCKE — Any significant increase in the rent will hit every user, yes.

Mr DRUM — If I could just try to get you to have a practical view, everyone involved in this committee understands that at a point within this lease arrangement the port of Melbourne is going to max out. It is not a matter of if it maxes out, it is a matter of when. Can you give me a practical vision of what it is going to look like when the government of the day, in preparation for the maxing out of the port of Melbourne, decides to invest in the second port? The building of the second port, who pays for that? Who is likely to pay for the second port when it is initially only going to be able to be used for the spillover or the overflow because the deal is that whatever the capacity that is going to be reached, the port of Melbourne has to be maintained or else there is going to be compensation. Initially it sounds like we are going to have to build a second port for spillover or overflow. Who pays for that? Who builds that? Once it is built, is it built for just overflow capacity? Is that port built for future use? And then do the ships stop twice, continuing to deliver for the last portion at the port of Melbourne and then do they head down the road to another port? How does that vision to you look like?

Mr ROCKE — The vision to me is that, in anything in shipping and stevedoring, as soon as something new is built the customers will go there, because anything new that is going to be built will be highly automated and mechanised and, bluntly put, will not need the people involvement that stevedoring has used in the past. The answer is, I think, build it and they will all go there.

Mr DRUM — With that advice to the committee, there is a lot of stuff here that does not seem to make much sense.

Mr ROCKE — In what — —

Mr DRUM — With this contract we are binding the port of Melbourne into 70 years — 50 years plus a 20-year extension if and when some lessee decides to take up that extension —

Ms SHING — If the government decides to offer it.

Mr DRUM — and the government decides to offer it. As we have heard from the previous witness, that is likely to happen sooner rather than later. Irrespective of when it happens, even before the extension is taken up, we are going to need to build — this state, somebody, is going to have to build a second port.

Mr ROCKE — Absolutely.

Mr DRUM — I asked you again this vision of yours, with all your experience, what is that likely to look like, and you are telling us that once you build a new toy, something new, the ships will flock to it.

Mr ROCKE — Absolutely.

Ms SHING — Thanks, Michael, for your contribution today and for answering the committee's questions. One of the things that has come up in the course of a number of questions from other members of the committee relates to rent and to rent agreements and negotiations. The Chair took you in his question to a negotiation involving DP World, where an original amount was then negotiated down by agreement between DP World and the operator to a much lesser amount than that which was originally proposed. I would like to get your take on how rent regulation in the current arrangement and also in the proposed arrangement works in comparison to other ports and operations around Australia.

Mr ROCKE — I am not aware of how the rent reviews in the other ports are undertaken.

Ms SHING — I would then invite you to comment on the extent to which the situation in the port of Melbourne will be materially different to other jurisdictions where in fact there is no rent regulation anywhere else in the country either.

Mr ONDARCHIE — The witness said — —

Ms SHING — I am putting it to the witness.

Mr ONDARCHIE — He said he did not know about the other jurisdictions.

The CHAIR — Mr Rocke is about to answer.

Mr ONDARCHIE — It is a hypothetical.

Mr MULINO — It is not the first one.

Ms TIERNEY — No, it is not. It is factual.

The CHAIR — Mr Rocke, would you like to comment on Ms Shing's question?

Ms SHING — Do you want me to restate it?

Mr ROCKE — Yes, if you could, yes.

Ms SHING — I put it to you that there is in fact no rent regulation anywhere else in the country, so to that end the situation involving the port of Melbourne and DP World negotiation, which landed where it did after negotiation between the parties, is not in fact a situation that is materially different to any other port in the country as far as negotiating rents and outcomes is concerned. Do you have any comment to make in relation to rent and concerns about rent and pressure on rent in Melbourne as it might affect your operations in light of the fact that comparatively speaking there is no other jurisdiction that also regulates in the way that others might like?

Mr ROCKE — So you are saying that market forces will prevail?

Ms SHING — And that negotiated outcomes are indeed a part of the framework within which people operate.

Mr ROCKE — Yes, absolutely. If there are no external forces or no ceiling on the non-prescribed fees, then the rent will be what is negotiated between the landlord and the tenant.

Ms SHING — Are you also aware of the export discount rate that applies, of 2.5 per cent over four years?

Mr ROCKE — I did read that, yes. I read it when I was doing some research. I was not aware of that.

Ms SHING — Do you have any comment to make in relation to that export discount rate in light of the questions that Mr Drum asked you and the potential price impact upon exports with that particular discount rate in place?

Mr ROCKE — But clearly that is only on the wharfage component, isn't it, of the transaction?

Ms SHING — Yes.

Mr ROCKE — So it is not an incredibly high dollar amount.

Ms SHING — But you are aware that that discount rate indeed applies for a period of four years?

Mr ROCKE — Yes.

The CHAIR — Mr Rocke, can I just take you back to a matter that was raised by Mr Barber in relation to costs associated through the port. It would be helpful for the committee to understand, if you are in a position to provide this information. You spoke about a lot of the exports are low, very low-value commodities. For the commodities you spoke about — grains, timber et cetera — are you able to give the committee an indication of what the port costs are for those types of commodities in terms of approximate percentage of the value of one TEU of the commodity? Is it 10 per cent, 20 per cent? What type of proportion are we looking at with those low-value commodities in terms of port costs?

Mr ROCKE — I would have to do the sums on that. Can I come back to you on that?

The CHAIR — Please. It would be useful for the committee to have an understanding of where those costs sit.

Mr ROCKE — But they would be a reasonable percentage of the overall transaction. Are you talking about the whole gamut, like the rail, the rail freight to the port, the containerisation, or are you just talking the port charges?

The CHAIR — No, predominantly the port-related costs.

Mr ROCKE — Yes, I can come back to you on that.

The CHAIR — Obviously it might depend where the commodity is coming from — getting to the port will vary — but particularly the port-related costs as a rough proportion of the value of those predominant commodities. That would be useful for the committee to understand the type of magnitude you are talking about.

Mr ROCKE — Yes, no problems. Absolutely.

Mr MULINO — You have talked about the fact that even more important than accessing the port for you and some other logistics providers is the road network as a whole and looking into congested areas.

Mr ROCKE — Sure.

Mr MULINO — Would you say that removing 50 heavily congested level crossings will be a worthwhile thing for our transport network?

Mr ROCKE — I did do a little study on this. There are 50 to be removed. Am I correct there?

Mr ONDARCHIE — All in one weekend apparently.

Mr ROCKE — It is interesting that at least half of those rail intersections are in areas that would be almost inaccessible for my industry to deliver freight into, deliver a container into. My gut feel on this is that there will be a lot of improvement in commuter traffic and public traffic, but the impact that will have on delivering freight in Melbourne will be reasonably low.

The CHAIR — Mr Rocke, thank you very much for your evidence this morning. The committee appreciates you taking the time to put your views on the port and your background in the business. If you are able to provide that information submitted to you on notice, that would be appreciated. The committee will have a draft transcript to you in the next couple of days for any corrections you wish to make.

Witness withdrew.