

# TRANSCRIPT

## ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

### Inquiry into local economic development initiatives in Victoria

Melbourne — 6 December 2012

#### Members

Mr N. Burgess  
Mr M. Foley  
Mr B. Carroll

Mrs I. Peulich  
Mr G. Shaw

Chair: Mr N. Burgess  
Deputy Chair: Mr M. Foley

#### Staff

Executive Officer: Mr S. Coley  
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#### Witness

Mr R. Kenyon, Acting Chief Executive Officer, Port of Hastings Development Authority (affirmed).

**The CHAIR** — Welcome to the public hearings of the joint party Economic Development and Infrastructure Committee's Inquiry into local economic development initiatives in Victoria. Your evidence today is protected by parliamentary privilege, but any comments you make outside this meeting will not have that privilege. Ralph, could you state your full name, position and whether you are appearing on behalf of an organisation.

**Mr KENYON** — Ralph Hindle Kenyon. I am Acting Chief Executive Officer, Port of Hastings Development Authority, and I speak on behalf of the authority today.

**The CHAIR** — I invite you to make an oral presentation.

**Overheads shown.**

**Mr KENYON** — Thanks very much for the opportunity. As some of you will know I have had an interest in economic development for a number of years. The opportunity to work with the port of Hastings is something that I have been very keen to be part of for a number of years. I had a previous role as the CEO of the Port of Hastings Corporation before the organisation was integrated with Melbourne. With the current legislative approach I was asked to come back and assist with the running of the new entity while the board works out its permanent and long-term CEO position.

What I would like to do with this presentation is provide you with a bit of an overview of the port itself, what some of the benefits of the development of Hastings might be, perhaps answer some questions about why Hastings, and then give you a bit of a run through about some of the things that we are actually doing at the present time.

To start off, on this aerial photo you can see a boat in the foreground at the bottom; that is me going to the office in the morning. In the foreground we have the Esso BHP Billiton facility, the Long Island Point fractionation plant, where oil and gas come in from Bass Strait and are exported via our Long Island Point berth. Just to the north of there you can see the former ship, the *Iron Monarch*, which used to service the BlueScope Steel plant. The *Iron Monarch* was taken out of service earlier this year. Unfortunately we no longer import steel slab through that facility, but we are retaining it. It is owned by BlueScope, and it is retaining that berth with a view to bringing it back into service as and when the dollar drops and it becomes competitive again. As we know BlueScope has had it fairly tough in the last couple of years, but we are working with it to try to stimulate other projects through those facilities.

The Port of Hastings Development Authority was established on 1 January this year under the terms and conditions of the Transport Integration Act. The board is appointed by government and is responsible to both the Minister for Ports, in terms of policy, and the Treasurer, in terms of shareholder responsibility. Our Chairman is a fellow some of you will be familiar with, Yehudi Blacher, former Secretary of the Department of Planning and Community Development. He has been in government at the secretarial/deputy secretarial level for a number of years, so he knows his way around Spring Street.

We also have four other directors: Rod Chadwick, former Managing Director of Pacific Dunlop; Claire Filson, a lawyer and Company Secretary; Geoff Craige, former Minister for Ports back in the 1990s; and Greg Martin, previously CEO of the Port of Sydney Corporation and prior to that the Port of Brisbane Corporation. Greg has had actually experience in port development both at Fishermans Island in Brisbane and the Port Botany redevelopment. He was the one who initiated that activity in Sydney.

The Transport Integration Act really sets out our role and responsibilities, and our planning and decision-making processes are outlined in that act. Our major responsibilities as defined in the act are to manage and operate the port of Hastings. Currently we operate the port via a port management agreement with Patrick ports. Patrick is a division of the Asciano Group. They split off from the previous entity, Toll Holdings, probably about five or six years ago now. Patrick is responsible for the day-to-day operational ship movements through the port. It employs the harbourmaster and maintenance crews, and arranges for tugboats and line boats and berthing and unberthing — those sorts of things.

The other part of our responsibility is really to facilitate the timely development of the port of Hastings as a viable alternative to the port of Melbourne, to increase capacity for the State in terms of international container trades and to a certain extent introduce and expand competition for container trades. We know that the

development of the port of Hastings will generate significant economic development benefits not just for the port itself and the transport and logistics industry but for the whole of the Mornington Peninsula, south-east Melbourne and the whole of the State of Victoria.

What we currently have through the port: Esso BHP Billiton — more than 2 million tonnes of oil and gas is exported from our Long Island Point facility; BlueScope was importing a million tonnes of steel; but we also have United Terminals, which import unleaded fuel through our Crib Point terminal site, or Crib Point jetty. They are running at about 350 000 tonnes a year at the moment, but they are on target to probably reach a half a million tonnes within the next 12 to 18 months. So the value of trade through the port at the moment is in the order of \$2 billion plus per annum. So it is a significant contributor already to the state economic activity.

In terms of future economic impacts, what I thought I would do is just refer you back to some work that was done by the previous Port of Hastings Corporation, which conducted a full economic impact study in 2007. This study, we need to keep in mind, was based on a different model for the operation of the port. The current operational model for the future port will be for international containers. This model that was tested for economic impact was based on a mixture of bulk, break bulk and container trades, with container trades being introduced around 2025–35. So if we ignore the 2015 figure, or the column — because we just have not progressed the development as predicted back in 2007 — we can look at the economic output, value-added household income impacts and potential jobs from an increased capacity at the port of Hastings.

These are figures for Victoria, not just for the Mornington Peninsula or Western Port region. We are looking at about 4500 jobs for the State, with the implementation of container trades through the port of Hastings. The economic impact of those 4500 jobs will go beyond port activity; they will move into every element of the rest of the State. They will have spin-off effects, multiplier effects and so on. But what we have focused on in our economic impact study is a model established by the Bureau of Transport Economics in the year 2000, the Commonwealth bureau. There is an input-output model, which goes through the process of determining what economic impacts actually are. That is usually conducted by a survey of people actually in business.

When these figures were done surveys were conducted through the port operator and through port users and other associated businesses within the port sector. That gives you an indication at the time those figures were predicted to be available to us. But we can use that as an example of the likely impact. So I am not quoting those as our economic impact with the container port, because we are yet to complete that next updated study.

The other interesting part about port development — and again this comes from that Port of Hastings Corporation study — is that during a construction phase — and we are talking about construction at Hastings potentially being a period of maybe even seven years — for every million dollars spent there is half a million dollars of direct value added and another 0.6 million dollars of flow-on value-added impacts. These multipliers just continue. For every million dollars spent you are looking at potentially five jobs. That sort of economic indicator is fairly standard for construction-type projects. There is no surprise here: we put \$1 million dollars in — five new jobs, over \$1 million worth of economic impact. The Bendigo Bank presentation, which you have just seen, had a similar sort of impact analysis. It is consistent with those sorts of current projects.

What we need to consider with the port of Hastings development is: who is going to benefit from the development of the port? Just north of the port we have the growth areas of Casey and Cardinia. Over the past couple of years Casey, in particular, had a household moving into the area every 40 minutes. So every 40 minutes — —

**Mr CARROLL** — The fastest growing area.

**Mr KENYON** — It was massive growth — and this is off a very high base, so we are talking about growth off a high base. Cardinia is moving in a similar direction; and yes, we have development and growth areas identified in both the north and the west of Melbourne. Those areas are growing rapidly but off a much lower base. We need to put that into perspective. I suppose from my point of view the perspective that we need to address is that the population centre of Melbourne is still to the east of Melbourne. Sixty per cent of economic activity for the State probably occurs east of Melbourne.

I have a little quote there, which has come back from the Bureau of Transport Economics in their *Regional impact of ports* report. This is really a comment, and it sums up what I have been saying:

The operation of a port generates employment and income for the local community, as well as flow-on effects to other local industries. In addition, all levels of government receive revenue from taxes and other charges on these activities.

So port activity is a major driver of economic activity for a state. It is not unique to Melbourne and not unique to Hastings, this is around the world, these things; ports are significant drivers of economic activity.

**The CHAIR** — There is very similar evidence that we saw on the weekend from what occurred in Atlanta. It was not a port but it was an airport, and exactly the same thing happened: without any other things to offer, it became a generator of great economic activity for them.

**Mr KENYON** — And Australia being an island, we still rely on imports but we also rely on exports. So this is a two-way street; it is not just imports that we are talking about here with international containers. I think the port of Melbourne in its most recent report suggested that about 50 per cent of the boxes going were going out of the port — so they were exports — and about 50 per cent of boxes were imports. We are roughly in balance.

**The CHAIR** — Even with the dollar where it is?

**Mr KENYON** — Even with the dollar where it is. In fact, on the port of Melbourne figures they have actually recovered from the global financial crisis dip to be back where they predicted they would be without the financial crisis. So that trend of international box turnover is continuing.

In terms of barriers to economic development, we have a simple problem at the Port of Hastings Development Authority. The revenues we generate through the port are insufficient to complete the project development phase work that is required to get this project up and running. As a consequence we need to rely initially on state and federal funding. We are on the Infrastructure Australia priority projects list and have been there for a number of years. We are getting to the pointy end, I suppose, of submissions for Infrastructure Australia funding, but we know that both state and federal governments are strapped for cash and there are other priorities that have taken precedence over this project. But we would hope that the business case that is being presented and the submissions to government over this next period will demonstrate that we are on a very short timeframe to actually develop Hastings and achieve the results that we need to achieve and build the capacity that is required to complement the port of Melbourne by the mid-2020s, when it will reach its capacity.

I suppose another opportunity is there for private sector investment in the port. We can see that at the moment the port of Melbourne, with the development of Webb Dock, is considering applications for, potentially, a third stevedore. That is essentially external private investment in the port. The port will develop the Webb Dock to a point where it has its hardstand and things like that ready for a stevedore to come in and put up its infrastructure on top of that — its cranes and its management systems and so on. So there is potential for private sector investment.

But from a Hastings point of view, we believe that there is likely to be potential once we gain the approvals to get the project up and running. So our environmental approvals, our planning permits, our coastal management consents — those sorts of things — need to be achieved. We have had over the years significant interest in Hastings from international port operators, and I would expect that those expressions of interest or discussions would continue as we progress this port development phase. Which I suppose then brings up the other barrier to our progress, and that is, really, the complexity of legislation that we need to comply with to actually achieve the development.

Now there are a number of things that are happening at the moment. I heard on the news this morning that there may be some hold-ups to the state accreditation of the Environment Protection and Biodiversity Conservation Act assessments. We are situated in a sensitive environment, as every port in the world is. Every one is on a coast, every one has a coastal foreshore, every one has — whether it is mangroves or other — coastal elements, and you have bird life and things like that which you need to take into account. That is par for the course when you are developing a port. The state accreditation of those approval processes would certainly perhaps streamline the development of the port. It would mean that you would have one stream of applications and assessments being conducted at the same time. There is still a decision to be made at the Commonwealth level, as well as the state level, for those approvals to be put down. But if the process is joined, then you are dealing with one body for most of that time, which would make it far more straightforward. I am not saying it is going to be easier, because this is a difficult and complex project, but it would be more — —

**The CHAIR** — It is the uncertainty, though.

**Mr KENYON** — You get a bit more certainty on the way through, and both the State and Commonwealth Governments will still need to make their ultimate decisions. And if we are going through one process which has an understanding of both Commonwealth and state legislative practices, then we have a better understanding and appreciation of what we need to do, and when and how.

Why are we even interested in the new port? Victoria relies on international container trades. Melbourne at the moment is the largest international container port for the country, and it is vital for the economic vitality of the State. We know that Melbourne is rapidly approaching its house-full stage, even with the Webb Dock development, which will come into operation sometime in 2016 or thereabouts. They are likely to be full, on current forecast, by the mid-2020s. The projected growth in container trades is expected to continue, and there are more products and trade items being put into boxes now than ever before.

We need to acknowledge that whilst forecasting is always a sketchy business, I think the evidence will show that over time the port of Melbourne forecasts have been exceeded just about every year. Their forecasts are usually their mid-range forecasts. They produce a high and a low and they have a mid-range; they usually publish the mid-range forecast. I think history will show that most of those forecasts have been exceeded earlier than anticipated, and we do not see any reason at this point why that will change.

I know the State is working on a Victorian freight and logistics plan, which I think will perhaps bring some of that evidence forward and talk about the need for additional port capacity. We know that Melbourne will reach capacity mid-2020s, on the current forecasting. We know also that if those forecasts hold, by 2035 the demand for container trades will be about 8 million containers a year. That is probably three-and-a-half times what Melbourne is currently doing.

**The CHAIR** — Are they about 2.5 at the moment?

**Mr KENYON** — They are 2.6 million a year at the moment. Webb Dock will take them up to probably 4 million, and then there are expected developments at Swanson Dock that will take them up another million. Melbourne is expected to reach about that 5 million figure, I think, by the early-to-mid 2020s. So Victoria needs to retain its competition position. We need to also appreciate that the port of Melbourne's hinterland is not just Victoria; it is south-east New South Wales, it is the Riverina, it is parts of South Australia, it is the whole of Tasmania for international trades and it is even, potentially, parts of New Zealand.

**The CHAIR** — Just on that, Ralph, the evidence that we saw over the weekend was really compelling in the US where there had been this sort of activity and then it was transferred to another area. For instance, if we did reach capacity and were unable to be in that lead position and, as some people have always suggested, they used Brisbane or went from Darwin, this state would just dry up.

**Mr KENYON** — The economic impact of not developing new container capacity will be significant for the State. Again I think the freight and logistics plan will talk about some of those issues and probably have some evidence of that. I do not have that evidence now, because the Department of Transport is doing that work. But if you think about it, if Victoria cannot import or export its boxes and those boxes need to go out via Sydney, Brisbane or Darwin, just think of the road transport cost increase for those movements. Something that might have been a viable business in Melbourne in the south-eastern manufacturing area will suddenly see their costs go up and their viability come under question.

We really need to be careful that we do not shoot ourselves in the foot by not progressing. The Victorian Government has made it clear that its objective is to have the initial capacity available at Hastings within the next 10 to 15 years. That statement was perhaps a year ago, so we are now down to 14 years when we need to have that available. So that period 2022 to 2027 is really when we need to be operating.

Why Hastings? Hastings is an existing port and there is significant land-side capacity available around the port which currently has port-related zoning. There is about 3500 hectares of land currently zoned under the Mornington Peninsula planning scheme special use zone 1. We are also going through a process at the moment where the State is introducing what it calls a port zone, which actually provides more certainty to the commercial ports and the operational environment in which they need to exist.

Hastings also has naturally deep water. We have a minimum channel depth at the moment of 14.3 metres but we also have a 3-metre tide, so we can accommodate large ships into Western Port now without major capital dredging. However, to develop the port we will need to undertake dredging for berth pockets and swing basins to make sure we can accommodate the container ships that are predicted to be arriving in Australia by 2022–23.

**The CHAIR** — It is the 8000 TEUs, is it?

**Mr KENYON** — It is the 8000 TEU-plus. They are called post-panamax containers. We are closer to the Bass Strait shipping lanes than Melbourne. The shipping side savings are likely to generate shorter steaming times and lower sea-based costs than for bringing the ship into Melbourne. If you put that into context, a container ship chartered to come into Melbourne costs somewhere between \$50 000 and \$80 000 a day, so if you can reduce potentially half of that cost by bringing a ship into a port closer to the shipping lane and get it out through in a shorter time, you will have lower pilotage charges, lower time charges et cetera — potentially lower costs than going into the port of Melbourne.

Once Hastings comes on board there is likely to be a shift of trade out of Melbourne to focus on Hastings because we can accommodate larger ships than Melbourne. With the Webb Dock development and channel deepening they can go to about 7000 and potentially up to 8000, but I think they are cautious about that because you still have to navigate the heads and the heads are still a major impediment to major shipping into Port Phillip. To accommodate 8000 TEU-plus ships into Port Phillip you would need to again widen the heads because the ships are wider in the beam than existing ships that ply trade through the port.

Also Hastings is in close proximity to more than 30 per cent of the boxes' origins and destinations, so the port of Melbourne figures contained in the origin and destinations studies refer to at least 30 per cent coming from and going to — this is the first move, not the second or subsequent move — that south-eastern area. Most of that is generated by the manufacturing sector, which is really headquartered in the south-east. We are close to those south-eastern industrial areas, but we are also closer to Gippsland, and Gippsland has significant potential for agricultural trade. At the moment that trade is probably being stifled a bit because of the costs of getting the product out of Victoria. It needs to go either by air or by ship from the port of Melbourne, and Hastings is obviously closer to Gippsland than Melbourne and potentially could save some of the transport costs, which might stimulate some further agricultural activity in the Gippsland region.

I have already mentioned the Port Phillip Heads being an issue. The Hastings alternative provides a redundancy, if you like, if ever there is an incident in the channel or through the heads into the Melbourne channels. We are in the south-eastern growth corridor. We have a labour force, which in the next 15 to 20 years will be massive. Those families that have moved into Casey and Cardinia over the past 10 years will be at workforce age by the time the port becomes fully operational. There is a potential labour force on the doorstep; we do not have to build new suburbs around Hastings to accommodate that, and they are already within half an hour's commuting distance of the port. I have also mentioned the economic boost to the region.

Obviously part of our work over the next period is to make sure that we continue our consultation and engagement with the community and stakeholders. Neale will know that in the past the Port of Hastings Corporation had a very active community engagement program, and the previous port land-use and transport strategy had significant community input on the way through; I think there were over 700 or 800 submissions during the course of that exhibition and consultation period. What we need to do, though, is make sure that we scope this project to an extent that we understand what we are doing ourselves before we start going out to engage with the community in more detail. Whilst we are talking to local community groups and giving presentations to councils and so on at the moment, we are not at the stage yet where we can say, 'Here is our plan for the next 25 years' or 'Here is our plan for the next 50 years.'

We are developing our community engagement strategy and action plan to make sure that we can incorporate the community as we progress through. We learnt a lot from the channel-deepening process that the Port of Melbourne Corporation undertook. You do need to engage with the community early and make sure that they understand what you are trying to do to try to minimise the risk of being — I will say hijacked, but that may not be the best word — distracted from the task that we have in front of us.

Western Port is definitely an area where we have a sensitive environment. We understand the significant environmental values in Western Port and we know that in order to get approvals we need to go through the

legislative processes of environmental assessment and so on, that is at both the state and the federal levels. Our task is really to get a thorough understanding of the issues, and what we are trying to do is to set up a logical risk-based approach to our project to make sure that we are exploring the issues that are genuinely connected with the operation and development of the port. The last thing we want to do is to spread our funding and our project risk too broadly and take in the whole of the south coast of Victoria or whatever might be suggested by some. We also need to limit the scope of our project to ensure that we understand directly what the impacts of port development in Western Port will be.

Our approach is really to avoid the impact, minimise the impact, mitigate or manage it and potentially offset it if we have to. There are significant areas where offset may be what we need to do with the development precincts because we are working on a coastal foreshore and there may be some losses of environment with the development of the port.

It is interesting to note though that around Long Island Point — on that aerial photo I showed you before — there is a significant green parcel just south of Esso. That is actually reclaimed land that was developed as a wetlands reserve as part of the original dredging campaign that established Long Island Point and the BlueScope Steel jetty. They are now significant birdlife sanctuaries. It demonstrates that if you are doing dredging or channel works or berth pockets, you can reuse the material for beneficial reuse. You do not have to cart it off and dump it or dispose of it; you can actually use that material to provide other benefits. There could be some offsets we could do along those lines, but we will explore those as we move forward.

Obviously we need to integrate with the freight and logistics network. We need to be connected to both road and rail to make sure that there is minimal disruption to other road users with the development and expansion of the port. We are working closely with both DoT, VicRoads and local government to ensure that we understand what the issues might be. VicRoads is already exploring the expansion of the Western Port Highway corridor between Cranbourne-Frankston Road and the South Gippsland Highway, or freeway, to upgrade that to freeway standard. They have already had plans on exhibition for that. As part of the port of Hastings project we have asked them to incorporate within the centre median provision for a rail corridor, so there could be potential for a rail corridor from the port of Hastings up to Lyndhurst, or we could join into the existing Cranbourne line, as a way we could then link into Dandenong and into the broader rail network. We certainly see that rail should be a major component of the development in the long term.

Western Port Highway is likely to be a major transport corridor, and that aerial just gives you a little bit of a map. You can see on the left-hand side here the port in that top circle, and the Western Port Highway is directly north of the port. The Western Port Highway alignment is directly connected to the Monash Freeway, and that road corridor and design of the Freeway was actually done with the port of Hastings in mind. When the Monash alignment was determined back in the '60s there were plans for major expansion at Hastings, so the alignment with that Western Port Highway corridor is a benefit of long-term planning from previous governments.

**The CHAIR** — Right down to McKirdys.

**Mr KENYON** — All the way down to McKirdys Road, which you will see on the right-hand side. This is McKirdys Road here, where you can see the pointer.

**The CHAIR** — Which is really nothing more than a dirt road at the moment.

**Mr KENYON** — One lane each way, but potentially that leads directly into the back of the port. It would provide us access without interfering with the residential areas of Hastings, Tyabb, Somerville and so on. So in terms of long-term planning, the area is primed for this type of development.

**The CHAIR** — Absolutely. It really acts as a buffer to all of the townships, but they would not even know it is there.

**Mr KENYON** — It does. If you think about the scale of the BlueScope and the Esso operations now, those operations have been in place for over 40 years. When people come down to Hastings they ask, 'Where is the BlueScope mill? Where is Esso? We cannot see it.' They are far away enough from the major roads to disappear behind trees and other things, so the visual impact, if you like, of development is unlikely to be an issue. It will be different from the waterside because you will have visual impacts from the waterside, which we know.

**The CHAIR** — When you are waterskiing past.

**Mr KENYON** — So what are we doing at the moment? I am conscious of time here, so I will speed up. We are currently engaging additional staff to boost our own capability. We have relocated to larger premises, and our premises will be able to accommodate the additional staff. We will have provision for a community engagement room downstairs. We will be able to hold meetings with 20 or so people — ideal for small community reference groups and things like that.

We have a new website which is available now. We are working on our community and stakeholder engagement strategies and plans. We are currently in the process of evaluating tenders for five major pieces of work over the next 12 months, which is made possible from the budget allocation we had this year. We are working to update our port development strategy, which really is taking our port land use and transport strategy that was released in 2009 and updating it with the current direction we have been set. We are exploring marine ecology and hydrodynamic modelling and putting an overall risk management system in place. We are obviously working through commercial and economic models to be able to present, through government, a full business case within the next four years.

Those are activities we are involved in currently, and I will be presenting recommendations to my board next Tuesday on who we engage to undertake those pieces of work. So we are well advanced. The scoping has been done, but we will be presenting that to the board on Tuesday for decision.

Turning to indicative timing, reading from the left, we are currently in this sort of project-scoping phase. We are moving through a number of steps, and these steps are effectively the treasury and finance high-value, high-risk project investment timeframes or stages. So we move through prefeasibility, feasibility, environment assessment, business case, procurement, construction and operation some time towards 2022–27. That is essentially the plan as we see it at the moment. Obviously this plan is dependent on the next tranche of budget decisions and how far we can progress, but because we will need to undertake dredging and some reclamation works to provide you with hardstand and things like that, we know that the construction phase will be at least four to five years before we can actually start putting hardstand on top of resettled reclamation areas.

We are on a timeframe that we believe is extremely tight now. The environment assessment process we have suggested will take two years. We have been advised by DPCD that the average time for an EES at the moment is three years, so we are on that critical path right now. We need to get moving as best we can.

There we go. Thanks very much for your time, and I am happy to take any questions.

**Mr FOLEY** — Thank you very much, Ralph. That was a very useful summary of a lot of issues — a lot of information in all that. Would it be possible to get a copy, for future reference, of the presentation to our executive officer?

**Mr KENYON** — He has a copy of that already.

**Mr FOLEY** — He has it already. Fantastic, because there will no doubt be issues there to follow up. Some way through the presentation you spoke about the need for start-up support from government at all levels. What is the figure you were looking at to kick that along, or will that emerge from the business case?

**Mr KENYON** — Look, we are preparing a current BERC submission. I think it is premature for me to say what those figures might be, but they are certainly in the order of about \$100 million over four years. That includes the planning for the road and rail corridors outside of the port. This is not dissimilar to figures that have been put on the table previously. It is a high-value, high-risk project — there is no question about that — and certainly we believe that if we do not commit that level of funding over this period, then Victoria will be left potentially without that capacity that is required in the early 2020s. All the funding we are putting forward for is based on scoping projects that have been done over the past number of years.

Those estimates of costs have been put through Monte Carlo simulations and a whole range of mechanisms that are favoured by Treasury. They can crunch them as much as they like, but we believe we have a risk-based assessment of what the costs are going to be.

**Mr FOLEY** — I note the time. Maybe I will just ask one more question. You referred somewhere in your submission to expressions of interest from international operators. Is there a view as to whether they would include the same operator that is currently operating in the port of Melbourne, or under competition approaches would they need to be separate operators?

**Mr KENYON** — I think it is too early to say. The sorts of inquiries we have had have come from people who are currently operating, but also a number of others who may not be operating in Melbourne at the moment. There is a level of interest for Hastings because of the long-term potential that perhaps will attract other players, but we know that Hutchison is now in Brisbane and Sydney and is likely to be bidding for Melbourne. I would expect that if we get to a stage where we have approvals in place, Hastings will become a very attractive investment opportunity. The procurement model and the operational models have yet to be developed, and the board is yet to reach a position on those, but that is some of the work we need to do over the coming three to four years. We hope to have that stitched up before the business case is finalised so we can present to government what we believe is the best way forward to attract investment or leverage off any Commonwealth or state investment that might be made in the development.

**Mr FOLEY** — Thank you.

**The CHAIR** — Thanks, Ralph. We really appreciate your presentation. You will be sent a transcript of today's proceedings. Feel free to make any alterations to grammatical or punctuation errors, but the substance of the document cannot be changed. Thank you very much for being here.

**Mr KENYON** — Thank you for your time.

**Witness withdrew.**