



PORT PHILLIP CONSERVATION COUNCIL INC.

Tel 03- 59872537

12 Foord Lane DROMANA VIC 3936

www.ppcc.org.au

sec@ppcc.org.au 11th March 2016

To: Infrastructure Victoria

Re: 30 year Infrastructure strategy consultation

Thank you for the opportunity to comment, and we trust our submission will be accepted, although nominally late by one day. Please advise of your acceptance of this document.

Port Phillip Conservation Council Inc. (PPCC) is a federation of 14 member organisations around the Port Phillip Bay whose aims since 1970 have been to work for better conservation of water, beaches, foreshore, seabeds, tributaries and environs and the air above Port Phillip Bay. PPCC Policy No. 17 states our position on the further expansion of ports in Victoria¹.

PPCC presented to the Port of Melbourne Select Committee in September 2015, and have since read the Inquiry Report. This paper discusses a number of issues which we felt were not adequately considered by the committee. Our focus is the 'triple bottom line' of the interaction between environment, industry (Port construction and shipping) and the community. Unfortunately under the present Business As Usual paradigm, the environment and community is being subjugated by the economy.

PUBLIC OWNERSHIP OF ESSENTIAL INFRASTRUCTURE

PPCC opposes the privatisation of the Port of Melbourne (POM), and indeed any of our remaining publicly owned assets. Privatisation of essential services has proven expensive for consumers and repressive/punitive for many thousands of customers, especially in the energy sector, where government has requested the Essential Services Commission review energy company practices.

¹ <http://www.ppcc.org.au/policy17.pdf>

The PoM provides essential services to the entire state, Tasmania and a significant portion of adjoining mainland states. We believe the numerous long term benefits of having the port in public ownership will be forever lost to the community and that government should use revenue positive public assets like the PoM to underwrite other infrastructure projects.

Governments should consider alternative methods for funding new infrastructure - such as Treasury bonds - which do not rely on selling public assets already providing reliable service and good rates of return to taxpayers. As we understand it there has never been a better time for governments to borrow to finance for infrastructure. Indeed the Commonwealth recently joined a list of governments able to borrow money at negative rates of interest².

Government should also be advocating for a fairer taxation system in which large business interests and multinational corporations operating in Australia are required to contribute more reasonably to Australia's economy, thus providing an additional funding source for essential infrastructure, and obviating the need for sale of revenue positive public assets.

Notably, government recently committed³ to \$200 million from the sale of the Port, to fund Western Victorian regional communities for farm refurbishment, education and enhanced farm productivity and management. As the Victorian Farmers Federation had expressed many concerns about the sale of the PoM, the establishment of the Fund was contingent on VFF swinging support to the sale of the PoM.

However, as far as we are aware there is no particular mechanism for the \$200 million *Agriculture Infrastructure and Jobs Fund* grant to effectively protect farmers from future sharp corporate practices of private port operators. Farmers may well suffer the same price gouging fate as customers of many other privatised essential services.

And, given the recent sale of the Port of Darwin to Chinese interests, what is the likelihood that an Australian buyer is found for the PoM. Could the Essential Services Commission effectively hold down rents against multinational trade interests? The ACCC stepped in when the PoMC attempted to raise rents by 750% in 2015, but how successful would the

² Australian bonds print first ever negative rate AFR April 16th 2015 <http://www.afr.com/markets/australian-bonds-print-first-ever-negative-rate-20150416-1mmgql>

³ Farmers to receive \$200m from proposed Port of Melbourne sale <http://www.theage.com.au/victoria/farmers-to-receive-200m-from-proposed-port-of-melbourne-sale-20150802-gippep.html>

ACCC or ESC be against foreign government or corporate owners. Our exporters, especially in the agricultural sector, remain at risk of exploitation.

We also note Victoria University's Institute of Supply Chain and Logistics evidence to the Port of Melbourne Select Committee Inquiry into the proposed lease of the port of Melbourne⁴ which observed that in most countries, the running (ownership) of ports is done by a state or federal governments – citing the City of Rotterdam, even proudly promoting its port and visitor centre on Trip Advisor. We also understand that the most successful international ports are state owned (eg: Port Authority of New York and New Jersey – a joint venture between NY and NJ states, established in 1921; Port of Los Angeles, a 'self-supporting department of the City of Los Angeles'; Seattle; Rotterdam; Hamburg – Germany's largest port etc.). We also note academic opinion⁵ on international experience of port privatisation, which is not reassuring, which states: *Privatisation in the United Kingdom took place many years ago, but according to Professor Alfred Baird from the Transport Research Institute, at Edinburgh's Napier University, it has not always been a success.*

Professor Baird⁶ points out since privatisation; investment in port infrastructure has slowed, leading to UK ports to lose trade to continental rivals with shipping consortia switching vessel routing to European ports such as Rotterdam and Hamburg.

Once the shipping lines leave, it is difficult to get them back, as importers and exporters adjust their supply chains to adapt to the new situation. In some cases, ports were on-sold to new owners for a lower price.

The onus on a private port owner is to maximise the profits for shareholders and "sweat the assets". In contrast, a publicly owned port on the other hand has the capacity (and some commentators say duty) to stimulate regional development by investing in port infrastructure.

This might not have an immediate benefit to the port's bottom line but will benefit its public owners (usually the state) by creating additional economic activity.

⁴ http://www.parliament.vic.gov.au/images/stories/committees/pomsc/Transcripts/Corrected_ISCL.pdf

⁵ <https://theconversation.com/are-we-selling-off-the-family-silver-by-privatising-australias-ports-13824>

⁶ Alfred Baird, Professor of Maritime Business, Transport Research Institute, Edinburgh's Napier University

With Scotland's population⁷ approximately the same as Victoria's, Professor Baird's submission to a Scottish Parliamentary Economy Energy and Tourism Committee Inquiry⁸ provides a salutary lesson for Victoria, stating:

Essentially the UK state has withdrawn from its ports industry. The state now depends on the 'market' (or rather offshore private equity funds) to provide new ports as and when required. This assumption fails on a number of counts, not least of which is the very long-term nature of port investment relative to the very short-term nature of 'the market'; private equity funds have a life of typically 4-8 years, whereas a port's economic life will extend far beyond 30 years.

This essentially means that there has been very little investment in new international port capacity in Scotland over the past 30 years and more. Indeed the general outline and extent of Scotland's major seaports today does not differ much, if at all, from the 1940's...

A key question, therefore, relates to whether this unusual port policy has worked? The evidence ...suggests it has been and continues to be a disaster for Scotland's trading position, which is weak in comparison with other comparable developed countries in northern Europe. This inevitably has a knock on effect on employment throughout the economy. Even in the wider UK context one only needs to consider the chronic and worsening UK trade deficit to conclude that the whole of the UK is no longer an internationally competitive trading economy.

This perfectly logical argument certainly challenges the dominant notion that privatisation of the PoM (or any port/essential infrastructure for that matter) is in the state's best interest. It should be of concern to all users of the PoM, and should guide governments not to dispose of essential port services to the private sector – unless they forever want to be at their mercy.

PORT OF MELBOURNE PROPOSED SALE/LEASE

⁷ 5.3 million in 2014 <http://www.nrscotland.gov.uk/news/2015/scotlands-population-at-its-highest-ever>

⁸

[http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/Professor Alfred Baird.pdf](http://www.scottish.parliament.uk/S4_EconomyEnergyandTourismCommittee/Inquiries/Professor%20Alfred%20Baird.pdf)

Treasurer Pallas recently described the port as *“the jewel in the crown of our freight and logistics system”*⁹, whilst shadow Treasurer Michael O’Brien described it as the *“jewel in the crown of Australian ports”*¹⁰, so the logic of disposing of such a highly praised irreplaceable, long term money making asset is unfathomable. We believe Victorian taxpayers would prefer government to be in control of the Crown jewels, investing prudently for the long term, rather than disposing of the jewels and then being beholden to private rent seekers. Using this “one off windfall”¹¹ for taxpayers to fund other infrastructure is an expensive and inefficient way to raise funds. The Kennett era has not been forgotten.

For years Victorians have been told that the PoM is an irreplaceable community asset – benefitting farmers, retailers, manufacturers and consumers across the state. PoMC funded a slick advertising campaign during the CDP to convince us that public investment in the project was to benefit businesses, primary producers, manufacturers and ultimately taxpayers. But now we are expected to support its sale to fund grade separation of rail crossings in metropolitan Melbourne.

Whilst we note the recent announcement that 10% of the sale funds would be put aside for improvements to regional transport infrastructure, the vast majority of Victorians century long investment in the PoM would be swallowed up entirely by metropolitan grade separation, with major beneficiaries still being Melbourne motorists. With revenue stream lost forever, all Victorians are losers.

For over 100 years Victorian taxpayers have sponsored the Port’s success, investing in its ongoing expansion, especially in recent years. The 2008-9 CDP was costed at \$750 million; at least \$110 million was spent on environmental studies, and more still on legal actions and marketing the project to an unsupportive public. Annual maintenance dredging of up to 15 weeks per year to 2021 was a substantial additional commitment by taxpayers. The current expansion of Webb Dock has been costed by the PoMC at \$1.6 billion.

⁹ *Victoria hopes to sail to \$7bn as Port of Melbourne set for sale* The Age May 7th 2015
<http://www.theage.com.au/victoria/victoria-hopes-to-sail-to-7bn-as-port-of-melbourne-set-for-sale-20150507-ggwib2.html>

¹⁰ The Hon. Mr. M O’Brien Hansard 24th June 2015 <http://hansard.parliament.vic.gov.au/isysquery/988256f5-2cef-49be-b627-30a1ddf30a87/1/doc>

¹¹ *Nautical or nice? Port of Melbourne privatisation and progress of plans for second port explained* The Age March 8th 2015
<http://www.theage.com.au/victoria/nautical-or-nice-port-of-melbourne-privatisation-and-progress-of-plans-for-second-port-explained-20150305-13wsri.html>

We also note recent comments by Premier Andrews at a recent CEDA¹² event in which he stated:

"... But, the Port of Melbourne is an asset with a much longer life than many others think, so we have some time. With infrastructure and efficiency improvements at PoM we think the second container port is some years away.....And- it is not our money it belongs to the Victorians taxpayers".

Further, in 2012 the Valuer General valued the 530 hectare PoM site at \$665 million, however the recent Supreme Court ruling determined land tax should be assessed according to its unimproved virgin swamp value of \$150 million. Substantial Land tax refunds are expected, and it is likely this ruling could wipe value from the Port of Melbourne lease¹³.

All of this means a relatively unimpressive residual if the sale resulted in \$5 -7 billion as recently predicted - or no change from the mere \$3.5 billion price as predicted by some¹⁴, in 2014. As recently as 2012, post CDP, its sale was predicted to net a mere \$2.4 billion¹⁵. Given recent political compromises on the deal, its sale price is hardly reliable.

We therefore object to the transformation of an irreplaceable sovereign asset into an assortment of non-strategic infrastructure that could never again be described as "Crown jewels".

FUTURE PORT OPERATIONS AND PROPOSED LOCATIONS

Given the loss of amenity, health and environmental impacts that the PoM imposes on its neighbours and the Bay, it is on the cusp of losing its "social licence" to operate. Impacts

¹² Committee for Economic Development of Australia seminar 30th March 2015
https://www.youtube.com/watch?v=4_BaV0klkn0

¹³ Supreme Court to cost Victorian government millions as port's land tax bill is slashed The Age January 18 2016
<http://www.theage.com.au/victoria/supreme-court-wipes-millions-off-port-of-melbournes-land-tax-bill-20160114-gm5u7k.html>

¹⁴ Qube warns Port of Melbourne charges could double SMH September 11, 2014 <http://www.smh.com.au/business/qube-warns-port-of-melbourne-charges-could-double-20140910-10f3kx.html>

¹⁵ Baillieu flags state asset sales <http://www.theage.com.au/victoria/baillieu-flags-state-asset-sales-20120322-1vmzf.html>

include truck traffic through portside suburbs, truck and ship air pollution, visual pollution etc. However, developing new ports at Westernport or Bay West would also impose significant amenity and environmental impacts into relatively intact communities. Bluntly, wherever ports are, they impose permanent and damaging environmental alterations and social impacts, and a range of externalities never yet properly attributed to ports.

We therefore believe that if the PoM addressed its social and environmental failings, and if alternative logistics solutions were implemented, it could (1) improve its reputation as a responsible corporate citizen, (2) contribute to new employment opportunities in environmental rehabilitation and logistics sectors¹⁶, and (3) adequately serve Victoria's port needs into the future, obviating the need for new or expanded port projects.

Some of the negative environmental, economic and social consequences of both Westernport and Bay West container port expansion are considered below:

- **Westernport**

We are aware that current government policy has ruled out a new container port at Hastings, however given the vagaries of port policy with successive governments, it is prudent to stress the fallacy of Hastings reputation as "deep water" port, and thus its unsuitability as a future container port.

Despite it long being described as a deep water port, over 40% of Westernport is mudflats on low tide - natural deep water only exists to Long Island Point. From there substantial dredging would be required to build a port capable of handling four times the volume of trade and the thousands of ships per annum currently handled by the Port of Melbourne. Indeed, a 2014 Labour Briefing paper states that Hastings so called "natural deep water port" is only 6-10 metres deep at much of the actual construction site¹⁷.

Westernport's deep water status has also been refuted by Dr. Hermione Parsons, Institute of Supply Chain and Logistics Victoria University who said *"It's not a natural deep water port*

¹⁶ See: PoM Port Rail discussion at Page 17

¹⁷ http://www.committeeforgeelong.com.au/media/26408/future_port_siting_options_for_victoria.pdf

– *that’s a fallacy*¹⁸ adding that larger container ships that require deeper drafts are unlikely to call at Melbourne (i.e. Victoria) regardless.

The Hastings port expansion proposal had significant landside issues, including the need for a new rail connection through metropolitan Melbourne. In 2014, the Institute of Supply Chain and Logistics¹⁹ estimated that if container operations moved from Melbourne to Hastings, it would almost double truck operating costs and travelling times, and an additional 4,200 trucks or 140 trains every day with over 70% of Victoria’s import and export freight needing to find its way across Melbourne to and from Hastings. Dr. Parsons has also observed that *“Trains would need to be going through Toorak and South Yarra around the clock....No one believes it is [politically] possible”*.²⁰

Data released by Brumby government in 2009 (when it proposed Westernport as the second container port) indicate that Hastings would handle 9 million containers p.a. by 2060, requiring substantial new road and rail corridors. In its 2006 iteration²¹ of the Hastings plan, the then Bracks government estimated 3.7 million containers by 2035, at least 3400 truck movements and 16 trains per day, and 3 Million tonnes bulk cargo/petroleum p.a.; 640,000 cars (import/export) p.a.

The Napthine government’s 2013 Freight and Logistics Plan proposed similar port expansion at Hastings, and predicted truck trips through Melbourne would more than double from 291,492 in 2014 to 648,896 in 2046²².

Westernport in its entirety is RAMSAR and UNESCO listed, with seagrasses, mangroves and significant breeding/feeding areas for fish, dolphins, whales, local and migratory birds. In 2014, dredging for a Hastings container port was estimated at 25- 50 million cubic metres²³.

¹⁸ At Victorian Transport Association’s Port Outlook seminar July 2015

¹⁹ *Build it – but will they come?* Institute of Supply Chain and Logistics Victoria University. July 2014.

²⁰ At Victorian Transport Association’s Port Outlook seminar July 2015

²¹ . The Age 6th May 2013 <http://www.theage.com.au/victoria/port-of-hastings-plan-financial-disaster-20130505-2j1fc.html> and 10th April 2014 <http://www.theage.com.au/victoria/where-will-the-ships-come-in-20140409-36d6j.html> and confirmed in PoHDA publications and presentations since

²² Victorian Freight and Logistics Plan 2013 Page 12.

²³ Victorian Labour Ports Siting Options Briefing paper June 2014

http://www.committeeforgeelong.com.au/media/26408/future_port_siting_options_for_victoria.pdf

Up to 5kms of mangrove and seagrass covered coastline and 3500 Ha of landside expansion²⁴ could be subsumed if those plans were implemented.

Impacts on SE Green Wedges: The Southeast Green Wedge (includes parts of Kingston, Greater Dandenong and Casey Cardinia shires) produces a wide range of fruit and vegetables, and would be heavily impacted in the event of Hasting port expansion.

Dandenong/Cranbourne lines to the East and the Frankston line to the West could both be used for port related transport. Unfortunately, recent planning scheme amendments have also allowed for four story dwellings along these lines. Unchecked population growth in the region (by both Liberal and Labour Governments) has also resulted in substantial loss of productive farmland to massive housing developments. Residents and farmers in the SE Green Wedge are rightly concerned about the prospect of exponential growth of freight traffic through their area. Without substantial and prohibitively costly investment in rail and road funding, Westernport and Mornington Peninsula freeways and Frankston Dandenong rail corridors would experience at least a doubling of truck traffic by mid century, in line with 2013 predictions²⁵.

- **Bay West**

The 2014 Labour Briefing paper outlined the preferred plan for a 3 km long pier then running 5 kms parallel to shore to create an “off shore” terminal to unload cargo, then to be moved to land by rail.²⁶ In June 2014, Labour estimated dredging of 30 – 60 million cubic metres of seabed would be required²⁷, however an investigation of Bay West by the Department of Transport, Planning and Infrastructure²⁸ found 66 - 84 million cubic metres would need to be dredged from the sea floor so ships could reach the site - up to four times more than was dredged in the two year long CDP.

Labour’s Briefing Paper claims that although Bay West presents significant environmental challenges, *they are of a similar order to those successfully managed during Channel*

²⁴ Extrapolated from data in PoHLUTS August 2009

²⁵ Victorian Freight and Logistics Plan August 2013

²⁶ <http://www.theage.com.au/victoria/labor-floats-plan-for-giant-pier-out-into-port-phillip-in-its-bay-west-port-plan-20140729-zy7u5.html>

²⁷ Future Ports Siting Options Labour Briefing paper. June 2014.

²⁸ <http://www.theage.com.au/victoria/labor-floats-plan-for-giant-pier-out-into-port-phillip-in-its-bay-west-port-plan-20140729-zy7u5.html>

Deepening (Project), and dredging at Hastings would be a greater environmental challenge than the sand/rock at Bay West²⁹. No empirical evidence or expert opinion is presented to substantiate this claim. Some experts also predict that dredging for a Bay west port could be accompanied by a 15 cm rise in sea level³⁰. Add that to climate change predictions of at least 80 cm by 2100 and we have an unrecognisable Port Phillip Bay - nightmare scenario.

Given the environmental legacy of the CDP (including Portsea erosion, imposition since 2011 of tidal flow speed limitations on deeper draught vessels traversing the Heads³¹ and toxic spoil disposal legacy, it is implausible that the challenges of dredging and dumping 2-4 times the volume of CDP dredging, on a scale never before attempted in Australia³², pose no greater risks and challenges than the CDP.

Werribee South Green Wedge: From Point Wilson near Geelong northward to Lake Borrie is RAMSAR listed. Immediately adjacent is the very productive Werribee South agriculture precinct. This small but important Green Wedge produces 10% of Victoria's vegetables, 85% of the state's cauliflower, 53% of the broccoli and 34% of lettuce. Werribee South is one of the closest remaining vegetable growing areas to the city. Its proximity to the Western Water Treatment Plant provides access to recycled water for growing vegetables during drought, making it one of Melbourne's most strategically important areas of agricultural land for the city's future food security. It's also one of the areas that is most under threat from housing (and Port) development³³

This area is also a protected site for many significant migratory bird species. In the non breeding season these sites support most of the world's critically endangered Orange Bellied Parrots. Critically most of the proposed port area would threaten the Ramsar habitat and the agricultural areas, and severely reduce amenity for nearby residents.

The argument that the proximity of an airport and rail would service this area is only partially valid as congestion on Geelong road and rail would be substantial - requiring a

²⁹ Future Ports Siting Options Labour Briefing paper. June 2014

³⁰ *Victorian Labor's Bay West plan for Melbourne too risky, former port chief says* **The Age** July 6, 2014
<http://www.theage.com.au/victoria/victorian-labors-bay-west-plan-for-melbourne-too-risky-former-port-chief-says-20140704-zswle.html>

³¹ PoMC Notice to Mariners No. 095/11 'Tidal stream limits for vessels transiting Port Phillip Heads. July 2011

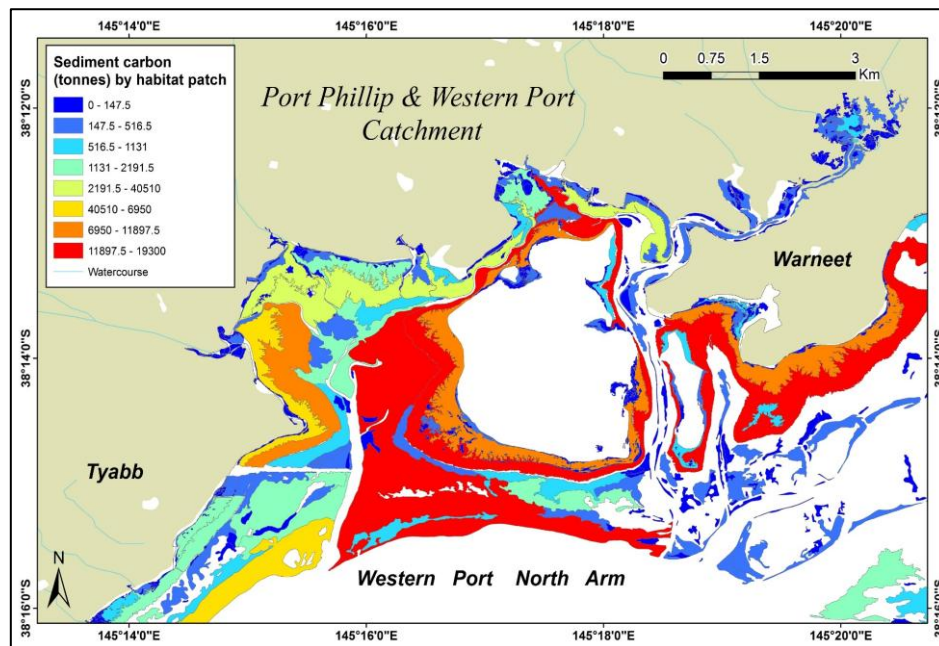
³² *Dredging blow to port plan* The Age 10th April 2014

³³ <http://www.foodalliance.org.au/food-production-on-melbournes-urban-fringe>

never ending catch up of road and rail building. But crucially, development in the Baywest area would join Geelong to Melbourne in a city broader across than Los Angeles and potentially more traffic congested than Mexico City.

- **Blue Carbon**

Crucially, both Port Phillip and Westernport Bay have recently been found to be a significant repository of Blue Carbon. Studies confirm that Port Phillip and Westernport hold 1/3rd of Victoria's Blue Carbon stores in mangroves, salt marsh and sea grass areas. These coastal areas can store carbon at 40 times the rate of a forest and many metres deep³⁴, and is stored for millennia, not for just a few centuries as is a forest. The Westernport hot spot distribution map below shows that the proposed Hastings Port expansion would compromise the most significant carbon storage areas in Westernport.



From: *The Distribution and Abundance of 'Blue Carbon' within Port Phillip and Westernport*. A report for the Port Phillip & Westernport Catchment Management Authority February 2015 Carnell et al Deakin University

Vast carbon storage also exists in the salt marshes in Port Phillip Bay, especially the Western shoreline. These precious repositories extend from east of Geelong to Werribee, where the

³⁴ *The Distribution and Abundance of 'Blue Carbon' within Port Phillip and Westernport*. A report for the Port Phillip & Westernport Catchment Management Authority February 2015
<http://www.ppwcm.vic.gov.au/Resources/PublicationDocuments/117/PPW%20Blue%20Carbon%20Report%20March%202014.pdf>

Bay West port proposal is mooted. In short, both potential future port locations risk loss of critical ecosystem services.

POPULATION & CONSUMPTION PROJECTIONS UNDERPINNING PORT EXPANSION

Supply chain and logistics plans are only credible if they have been developed with credible population and trade projection inputs. Current port plans are predicated on implausible data for Victoria as outlined below:

2016 Facts: Victoria's population approx. 5.9 million³⁵ (4.5 million in Melbourne)

Approx. 2.5 million containers p.a. move through the Port of Melbourne – import and export.

That translates to approx. 0.4 of a container per person per annum moving through the state.

Mid century projections: Victoria's population ABS conservative estimate³⁶

8.5 million people - a 62% increase in population.

Medium and High estimates for Victoria are 9.3 million and 10.7 million people respectively³⁷.

Various Port expansion plans infer approx. 11.7 million containers per annum³⁸ would be moving through the state, via the Port of Melbourne and whichever other port might exist by then.

³⁵ <http://www.abs.gov.au/ausstats/abs@.nsf/mf/3101.0>

³⁶ ABS 'Series C' (conservative)

<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/3222.0main+features82012%20%28base%29%20to%202101>

³⁷ Ibid

³⁸ Extrapolated from Victorian Freight and Logistics Plan's predicted 11.2 million containers at 2046 (adding 1% annual growth to 2050), and various logistics and port planning documents over the last 10 years. For example former Labour government's *Freight Futures 2008*, predicted *quadrupling of container trade by 2035*.

Comparing ABS (conservative) population estimate of 8.5 million by 2050 with projected container volumes through Victorian port/s by mid century, translates to approx. 1.4 containers per person per annum – a 350% increase on 2016 container throughput per annum. How can a 62% larger population support a 350% increase in container volumes? This obvious anomaly should thoroughly be tested.

A 350% increase in the number of containers moving through the state has implications for our open space and the amenity of living anywhere near a port, rail line or road. Even if our population increased to 10.7 million by mid century, container numbers moving through the state would still have increased to more than one container per person per annum – more than double our current “consumption” of containers. The likely amenity and ecological impacts of this high container volume and high population scenario are frightening.

At the very least we must test projected consumption and trade volumes used for port expansion planning and model the logistics and amenity scenarios that would flow from that before committing our environmental assets and \$multiple billions of taxpayers’ funds to further port expansion.

We must also challenge the Business as Usual model, currently shaping our future, and to the detriment of our environment and amenity. The economy should merely be a tool to protect the environment and community, but has become so dominant that environment and community are now secondary to a behemoth economy.

Bluntly, BAU is an illogical trajectory of (traditional) economic and population growth. It is to various governments’ shame that this fundamental concept cannot be grasped.

- **Population growth**

Under Australia’s managed immigration scheme about 190,000 people will be admitted to the nation in this financial year. We have the highest rate of population growth of any developed country and Melbourne has the highest population growth of any capital city. Since Victoria’s Green wedges were introduced by the Hamer government, over **46,000 HECTARES** of Green Wedges open space have already been lost due to expansion of urban growth boundaries.

Population growth undermines housing affordability, liveability and governments' ability to keep pace with, let alone improve, infrastructure. The destructive elements of overpopulation and climate change do not appear on the political agenda for debate.

Australia's population is:

- Fastest growth in the OECD; other than Israel and Luxembourg³⁹
- Estimate 42 million in 2050⁴⁰
- Australia's population growth doubled from 1% to 2% per annum in the last decade
- Currently increasing by ~400,000 per year, (more than total population of Canberra)

How can Australia's coasts/green wedges/water/air/amenity cope with adding another Canberra every year? This illogical trajectory with no known end point (Business As Usual) ignores the hidden costs of population growth, including:

- Costs of growth fall disproportionately on local and State governments: roads, drainage, waste management, public facilities, schools, hospitals, etc. etc....
- leaving less \$\$ for other projects to sustain local liveability
- In order to keep pace with 2% per annum growth in the last decade, we must spend extra 2% p.a. to avoid infrastructure deficit
- Costs far exceed the increased revenue generated by additional people⁴¹
- Expanding capacity merely to maintain level of service already provided per person provides no net gain in utility.
- **It is not an investment, it's a recurrent cost – drain on budget**

BAU relies on endless demands on our natural world, limits our capacity to respond to climate change, peak oil, peak food, etc. and disables orderly planning.

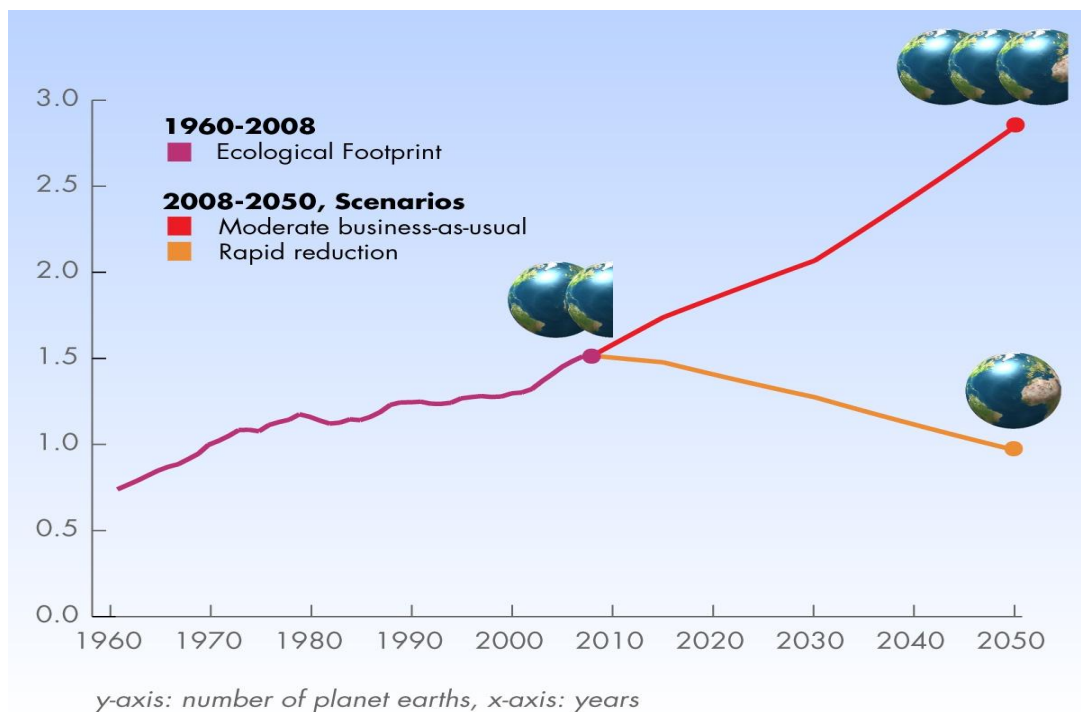
³⁹ <http://apo.org.au/research/population-growth-australia>

⁴⁰ Prof. Bob Birrell Monash University Centre for Population and Urban Research

⁴¹ O'Sullivan JN (2012) The burden of durable asset acquisition in growing populations. *Economic Affairs* 32 (1): 31–37. See also Productivity Commission Annual Report 2010-11

However, for most of history mankind has lived in an economy in which annual growth was negligible. For only the last 200 years have we lived with a “growth economy”. This growth, especially in wealthy nations, is already causing more problems than it solves. This relatively modern concept of endless economic and population growth (BAU) can only result in worse environmental outcomes. There is no logical end-point without population stabilization, or at least an agreed population “target”, and moving towards a steady state economy⁴².

Presently, we are in a very unhealthy annual ecological deficit, using the resources of 1.5 planets annually. UN projections indicate we would require 3 planets by 2050 with moderate Business As Usual.



Growthists argue for increases in population, increased productivity/reduced working conditions, massive infrastructure projects etc, but conveniently ignore the reality that infinite growth on a finite planet is impossible. It is interesting to ask such people at what point do they think growth should stop? There is no logical response.

Hence, whilst we are not advocating for traditional “recession” which is equally unhealthy, we do advocate for society moving towards an economic model which balances ecological resource use with our social and economic wealth.

⁴² www.steadystate.org and <http://www.theoil drum.com/node/3941>

ALTERNATIVE LOGISTICS SOLUTIONS

It is becoming obvious that massive expansion of new port locations risks over investment in stranded assets. If we proceed with \$multi billion port expansions, and if transport and logistics patterns change – for whatever economic or environmental reason - we have over catered permanently and at the expense of our amenity and environment.

The container shipping industry exhibits regular troughs and rare financial peaks – it is a volatile, thin margin industry, and often renowned for its labour exploitation. The comprehensive support that has been afforded the industry for so long can no longer be justified – and yet we continue to offer up our best coastal land and risk precious waterways to respond to its demands.

In 2007, respected independent international Maritime researchers, Drewry UK, noted in an international conference presentation that catering for ever bigger ships may not be good planning, saying⁴³:

- *“.....Big ships are inflexible. Could be a serious liability in a downturn*
- *Even bigger ships = even bigger risk*
- *Big ships need deeper water, bigger cranes, longer berths, bigger container yards. Who will pay for these port infrastructure improvements?*
- *Big ships have had a free ride to date*
- *Increased time in port can quickly outweigh economies of scale*
- *Greater frequency of service (from smaller more flexible vessels) is as attractive to shippers, if not more”*

In 2010, Drewry reported ‘*Toughest year for container terminal operations*’ with worldwide container volumes falling by 10 percent⁴⁴, but predicted that by 2015, container terminal congestion could be returning. And yet, once again in January 2016, the Wall Street Journal reported in ‘*Dark Days ahead for container shipping*’ that container shipping lines could see

⁴³ ‘World Container Cargo Prospects’. Presentation by Neil Davidson, Research Director Drewry Shipping Consultants Ltd. at 25th IAPH World Ports Conference April 2007

⁴⁴ http://www.bairdmaritime.com/index.php?option=com_content&view=article&id=7805:drewry-toughest-year-for-container-terminal-operators&catid=113:ports-and-shipping&Itemid=208

\$5 billion in losses this year as freight rates swoon and bunker fuel prices bottom out, noting that weak demand has left carriers struggling to fill their ships, recovery is unlikely to last, and rates are likely to fall faster than fuel prices⁴⁵.

Surely it is prudent to review whether the demands of a fickle, marginal industry such as shipping, should so dominate our Planning. Rather than ports around the world endlessly deepening and expanding their ports at great economic and environmental cost, merely to cater for the demands of the shipping industry, it is time for port managers and planners to devise logistics solutions that suit our physical environmental circumstances. Rather than altering our environment to suit the infrastructure; infrastructure should be built to suit the environment. Just as medium sized planes are making a come-back, so too could and should flexible, medium sized ships.

Whatever the future freight task is, in order to protect Victoria and Melbourne's liveability and the irreplaceable environmental assets threatened by port expansion, communities need a different mix of portside and interstate rail, medium sized shipping to/from our major trading partners and coastal shipping. We should accept, and plan accordingly, that Melbourne, Hastings and Bay West are all constrained by limited water depth. Ongoing substantial dredging will always be required to maintain "deep" water, and all three sites pose major logistics challenges.

Tellingly too, Victoria University's Institute of Supply Chain and logistics Dr. Parsons notes that Melbourne is a small market and an end destination. Given our relatively small population located at the end of the world's trade routes, she observes that *"megaships are not coming anywhere near the market of Melbourne"*, and *"ships are sent to markets, not to ports"*⁴⁶. Surely it is time to consider a more flexible response to the movement of goods (many of them low value, high volume, non essential) to/from and around Australia.

Alternative logistics solutions for Victoria/Australia could include:

⁴⁵ <http://www.wsj.com/articles/dark-days-ahead-for-container-shipping-drewry-1452196567>

⁴⁶ At Victorian Transport Association's Port Outlook seminar July 2015

- PoM could change its marketing focus to become the premier destination for medium sized shipping to/from and around Australia, using the right sized ships that suit our existing water depths, are more flexible, and able to deliver goods more frequently.
- Port and logistics planners could promote investment in joint port/rail projects with other states, inland ports/hubs and other deep water ports around Australia.
- Do we care how goods get here? Oversized ships could offload *excess* weight (some containers) at existing deeper ports – Brisbane, Sydney, Fremantle, Darwin – all connected to the National standard gauge rail. The lightened ship then continues its journey to Melbourne and other ports. Goods transferred to train could arrive more quickly - especially suitable for high value/perishable goods.
- Funds for future port expansion plans could be allocated to a joint States project to invest in the Melbourne to Brisbane Inland Rail project- a Nation building exercise creating more sustainable jobs in regional areas, logistics alternatives for container handling and a faster, cost effective, efficient alternative to shipping, especially for high value and perishable agricultural exports.
- **PoM Port Rail shuttle:** Despite the \$58 million funding allocated, it unfortunately appears this relatively low cost, high efficiency “shovel ready” project is frozen.

We understand it has already been described as a relatively simple task to reinstate a disused, short rail spur to Swanson Dock then connecting to freight terminals at Lyndhurst, Altona and with provision to link to a new third terminal planned for the western suburbs, where containers could also be transferred to regional/interstate trains. Moving goods by rail between PoM to three suburban intermodal terminals would be a welcome alternative to the 100% road based container traffic currently moving through Melbourne. Thousands of trucks daily could be eliminated from the road network, with immeasurable amenity and health benefits to the community. Used nocturnally, the port rail shuttle could increase daily container movements, and by its nocturnal use, improve the amenity of portside suburbs and civilise the reticulation of

goods throughout the network. It is outrageous that this useful project has not already been implemented.

- **Brisbane to Melbourne Inland Rail**

The Port Rail shuttle intermodal terminal at Somerton provides opportunities for interstate linkages via the proposed INLAND RAIL, already well advanced in planning, geographically, financially and logistically. The Department of Infrastructure and Regional Development describes Melbourne to Brisbane Inland Rail as *a high performance and direct interstate freight rail also able to link with Perth and Adelaide, and able to address the growing freight task by moving freight off an already congested road network to the benefit of the whole nation for the next century. It provides a reliable road-competitive solution to the freight task and enables the commercial and social benefits of rail to be leveraged to meet Australia's long-term freight challenge*⁴⁷.

We understand there may be some resistance to unqualified support in Victoria for this important piece of National infrastructure, as it could take approximately 15% of Riverina and a portion of Murray Darling trade currently going through the PoM. However, especially given the imminent sale of the PoM, this should not deter state government from being part of a solution for more efficient movement of goods around the nation. It would be most foolhardy for Victoria to continue petty interstate rivalries and repeat mistakes which have lived on since Federation. We also note a useful coincidence between the route of the inland rail and the renewable electricity grid proposed by ZERO CARBON AUSTRALIA⁴⁸. Inland Rail's estimated P50 (P90) construction cost of \$9.9 (\$10.7) billion over a 10 year delivery program is surely a bargain for the nation. Built for Australians by Australians with jobs in an environmentally sustainable network.

With costs of moving one tonne/kilometre by road at 7.5 cents, compared with 3.5 cents for rail, and GG Emissions for road transport more than triple that for rail (52 grams per tonne km for road versus 15 grams per tonne km for rail), the Inland Rail Group Report and its Business Case are compelling.

⁴⁷ <https://infrastructure.gov.au/rail/inland>

⁴⁸ www.bze.org.au

PORTS UNCHECKED AND GROWING AIR POLLUTION THREATS

- **Greenhouse Gas Emissions:**

Under business as usual, GGE from shipping will rise 72% in next 15 years⁴⁹ which is incompatible with our internationally agreed targets.⁵⁰

If global shipping was a country it would be the sixth largest producer of GHG emissions. Only USA, China, Russia, India, and Japan emit more CO₂ than the world's shipping fleet. BUT CO₂ emissions from shipping are immune from regulation. And, present port expansion plans entrench the problem.

- **Human health impacts:**

This intractable problem is being studiously ignored by port planners and developers in Australia. However, there is a substantial body of international research which has found:

- Shipping pollution already accounts for ~ 50,000 premature deaths p.a. in EUROPE, at an annual cost of €58 billion⁵¹
- In the air, SO₂ and NO_x convert into fine particles, sulphate and nitrate aerosols
- Once in the lungs, particles are small enough to pass through tissues and enter the blood
- Can cause emphysema, congestive heart failure, birth defects and premature deaths

Recent USA studies⁵² found:

- Shipping emissions cause 60,000 deaths p.a. worldwide
- Cost \$330 billion p.a. treating lung and heart diseases
- The US EPA estimates its new coastal buffer zone will save more than 8,000 US lives a year

⁴⁹ <http://www.theguardian.com/environment/2007/mar/03/travelsenvironmentalimpact.transportintheuk>

⁵⁰ http://ec.europa.eu/clima/policies/transport/shipping/index_en.htm

⁵¹ <http://www.transportenvironment.org/what-we-do/shipping/air-pollution-ships>

⁵² US National Oceanic and Atmospheric Administration Report February 2009. Reported in 'Health risks of shipping pollution have been underestimated' UK Guardian 9th April 2009

- New US standards will cut sulphur in fuel by 98%, particulate matter by 85%, and nitrogen oxide emissions by 80%
- The US EPA concludes one cruise ship can emit the same amount of SO₂ as 13 million cars and as much soot as 1 million cars⁵³
- But, the cruise ship industry is stalling implementation of new regulations: scare tactics, jobs will be lost, astronomical fare increases etc., and sued US EPA so it could keep burning dirty fuel⁵⁴

As yet, in Australia there are no completed studies on health impacts. The Australian Maritime College⁵⁵ announced a preliminary study was to commence in 2012. There have been no further announcements.



Liberian flagged *High Courage* Oil/chemical Tanker at PoM near Westgate Bridge. Image P. Crotty 2009

Currently, over 3,000 ships traverse Port Philip Bay every year, and an estimated 8,000 trucks traverse nearby port suburbs daily. On average 6 ships per day arrive into the centre of Melbourne. These ships burn the cheapest, dirtiest, high-sulphur fuel that no-one on land can legally use, emitting cancer causing exhaust and GGE into a city of over 4 million

⁵³ http://www.washingtonpost.com/national/health-science/cruise-ship-lines-alaska-officials-question-new-air-pollution-limits/2012/07/22/gJQAc4Jy2W_story.html

⁵⁴ . <http://www.cruiselawnews.com/tags/emissions>

⁵⁵ <https://www.amc.edu.au/welcome-australian-maritime-college-amc>

people. PoMC with its business right in the heart of Melbourne is yet to even mention this major health issue – and we fear that doing anything about it will only become more difficult if ownership of the PoM transfers from Victorian government ownership to a private or foreign government entity. It is a sad indictment that it is likely that in future all ships arriving in Melbourne will be foreign owned, all crewed by foreign workers, arriving at a foreign owned port.

On current port planning projections, the GG, SO₂ and NO_x emissions from shipping and the supporting truck traffic can only increase – posing an enormous problem for our community, unless alternative logistics and different economic paradigms are implemented.

IN CONCLUSION

Australia is a vast maritime island nation reliant on shipping to satisfy its import and export needs. With Australian population at 24 million and Victorian population near 6 million we are comparative minnows compared with volumes of trade generated by Rotterdam servicing 245 million and New York of similar size.

Singapore is the global geographical centre of shipping and distributes shipping throughout the Asia Pacific Basin. Smaller cleaner fuel efficient ships offering more flexible and more frequent services from/to Australia/Singapore would better suit our relatively small (by global standards) and widely dispersed population.

The projected growth rates underpinning Victoria's port expansion plans, and projected container numbers by mid century are not credible, and should be rigorously re-tested.

Australia needs an agile fleet of great utility to service coastal needs including shallower water ports such as Melbourne. Ships of 4 – 6000 T.E.U. and maximum draught of 14 metres are the coastal "rovers" most suitable to most Australian ports.

All ports require some dredging, but ports in shallow estuarine locations such as Bay West and Hastings would require dredging ad infinitum. Like endless growth on a finite planet, there is no logical end point.

At the very least, future port proposals should be subjected to stringent pre mortem examinations; including a cost benefit analysis that takes lost or damaged ecological services resulting from the development into account.

Planning for what will be a very different future must move away from underpinning the Business as Usual paradigm- which has in reality caused so many of the modern problems we face. Planning must be visionary, non partisan and based on environmental and community benefit.

Population growth must be managed to fit within our very real environmental constraints.

Our vital existing system of food production near consumption needs protection.

To best achieve this, ports and other essential infrastructure should remain in, or revert to, public ownership.

Yours sincerely

A handwritten signature in cursive script that reads "Len Warfe".

Len Warfe

President