3 April 2017

Mr Michael Masson
Chief Executive Officer
Infrastructure Victoria
Level 34, 121 Exhibition Street
Melbourne VIC 3000

Via Email: http://yoursay.infrastructurevictoria.com.au/ports

Dear Mr Masson,

**Information to underpin advice to the Special Minister of State regarding container ports**

This submission has been prepared by the Planning Institute Australia (Victoria) in relation to Infrastructure Victoria’s Second Container Port Advice – Evidence Base Discussion Paper (discussion paper).

There is no doubt that the Second Container Port for Melbourne is a ‘whole of city’ defining project. Expansion of the existing port by increasing transport links to optimise its capacity is also city defining at the central city level.

PIA strongly supports the process by which Infrastructure Victoria seeks to provide recommendations to the government on significant decisions about Victoria’s future. Independent advice that is based on evidence as well as transparent decision-making in response to this advice will support effective decision-making.

Consistent with PIA’s previous advocacy regarding the benefits of integrating infrastructure planning with land use planning, it is pleasing to see that the analysis of different scenarios (increasing the capacity of the Port of Melbourne and/or a new port in Bay West or Hastings) intends to consider amenity, environmental and social impacts, in addition to economic impacts. That said, PIA believes that more consideration about potential land use implications is necessary in order to sufficiently analyse positive and negative externalities that will feed into an overarching assessment of options in light of the recently released Plan Melbourne.

**Road Pricing**

Infrastructure Victoria has previously advised that future road pricing is a high priority opportunity in effectively managing Melbourne’s traffic. Freight transport runs on paper-thin margins where road pricing will play a significant role in business decision-making on cross-city freight haulage. PIA is of the view that future road pricing and possible implications on the freight industry should be considered in Infrastructure Victoria’s evaluation of port expansion options.

Conflict of land uses between the Port of Melbourne and the expanded central city, PIA strongly supports Infrastructure Victoria acknowledging the potential conflict of land uses, both the conflict of strategic intent as well as the positive externalities associated with the Melbourne Metro.
project. Analysing and identifying the tipping point where investing in a second container port is more efficient and effective than increasing port capacity is a challenging task when considering the economic and social implications for the expanding central city.

PIA is keen to understand how the economic benefits of increasing the capacity of the Port of Melbourne will be weighed against the potential negative externalities (congestion, air and noise pollution) on the expanded central city. The growth of the central city has implications for accommodating dwellings close to high-valued economic activity as well as high-valued commercial, retail and tourism opportunities. In addition to this, maximising returns on government investment in the Melbourne Metro Project will depend on maximising the positive externalities associated with the project that support the expanded central city. How the two land use and economic considerations are identified and weighed against each other requires detailed analysis.

Note, the expanded central city is identified on Map 4 of Plan Melbourne and includes Dynon, Arden, Macaulay, E-Gate as well as the Footscray Metropolitan Activity Centre which is not illustrated in Figure 23 (Port of Melbourne surrounding land uses) of the discussion paper – albeit that is not necessarily the intent of Figure 23.

**Recognising positive externalities associated with future port locations**

Recognising potential value uplift and future employment opportunities (i.e. the industrial and logistics land use potential) close to future ports is a necessary component in evaluating future options. For example, Bay West is in close proximity to the Werribee National Employment and Innovation Cluster as well as the City of Greater Geelong. Bay West could support opportunities for industrial and logistics related investment as well as the growth of local jobs in the western region of Metropolitan Melbourne. Similar externalities could exist for Hastings in regards to the Dandenong National Employment and Innovation Cluster in the southern region of Metropolitan Melbourne. Positive externalities that support the intentions in Plan Melbourne need to be captured by Infrastructure Victoria’s evaluation of the three port options. How these land use and economic considerations are identified and weighed against each other requires detailed analysis.

In addition to the above-mentioned land use considerations, it is anticipated that Infrastructure Victoria’s evaluation will include an assessment of the practicality and feasibility of ensuring adequate freight transport access (both rail and road) to the respective options.

**Aboriginal heritage and approvals under the Aboriginal Heritage Act 2006**

PIA recommends that Infrastructure Victoria further investigates the implications that cultural heritage may have on the feasibility of the two potential future port locations. In addition to this, PIA recommends that Infrastructure Victoria investigates as well as acknowledges the approval(s) that will be required under the Aboriginal Heritage Act 2006 which is currently not identified in the relevant approvals sections of the discussion paper and could have implications for the feasibility of options.

**Constraint on ability to provide advice**

Finally, the terms under which the Victorian Government has recently leased the Port of Melbourne are unknown to PIA. While PIA acknowledges the benefits of leasing the Port to undertake critical works such as level crossing removals and the Melbourne Metro project, it is impossible for us to understand any constraints on government decision-making regarding the future of the Port of Melbourne. Commercial-in-Confidence agreements on asset sales and development contracts do not ultimately assist in delivering the best decision-making and
expenditure of state financial resources. In this case, PIA are constrained in their advice to Infrastructure Victoria on the discussion paper by not knowing the recent Port of Melbourne lease terms.

Thank you for the opportunity to provide comments on the discussion paper. If you wish to discuss any aspect of this submission, please do not hesitate to contact the Victorian Executive Officer, Carmel McCormack or myself on 03 9654 3777.

Yours sincerely

Laura Murray RPIA
Planning Institute of Australia, President Victoria