CORRECTED VERSION

STANDING COMMITTEE ON FINANCE AND PUBLIC ADMINISTRATION

Inquiry into Port Phillip Bay: channel deepening

Melbourne — 5 June 2008

Members

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Ms C. Broad
Mr M. Guy
Mr P. Hall
Mr P. Kavanagh
Mr G. Rich-Phillips
Mr M. Viney

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Witnesses

Mr S. Ramsay, president, and

Mr G. Ford, executive manager, policy, Victorian Farmers Federation.

The CHAIR — I welcome Simon Ramsay, the president of the Victorian Farmers Federation, and Mr Graeme Ford, the executive manager, policy. All evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and further subject to the provision of the Legislative Council standing orders. Any comments made outside the precincts of this hearing are not protected by parliamentary privilege. All evidence is being recorded by Hansard. Witnesses will be provided with a proof version of the transcript in the next couple of days. I now invite you to make an opening statement, if you would like, and then we will proceed to questions.

Mr RAMSAY — Thank you, Chair. If it is all right with you, I would also like to invite Graeme Ford to make supplementary comments as we go along. I will just make a quick statement.

Obviously given agriculture is the largest exporter out of the port of Melbourne we have a considerable interest in seeking full potential benefits of sea freight of our export food production into international markets. The channel deepening project will ensure the port of Melbourne continues to be Australia's premier trade and transport hub. Melbourne is the largest container port in Australia and handles nearly 40 per cent of the nation's container trade, worth about $70 billion, employing 80 000 people directly and indirectly generating $5.4 billion worth of economic benefit annually. As such Melbourne cannot survive with a medium-sized port, and that is what we have at the moment. In a globalised world, scale is everything. Trade volumes driven by India and China through Australian container ports will increase by 66 per cent over the next eight years.

As I said, agriculture is the single largest exporter out of the port of Melbourne. The project is economically vital to Victoria's farming community and is crucial in generating economic activity to country Victoria. The agricultural industry generates one-third of Victoria's exports, which equates to $7.6 billion. The channel deepening project will ensure that the port of Melbourne continues to be Australia's premier trade and transport hub. It is estimated this project will generate economic benefit in excess of $2 billion to the Victorian economy over the next 30 years. The Victorian Farmers Federation is a strong supporter of the government's position to deepen the channel and improve the facilities. Deepening the channel will provide large container ships access into the port of Melbourne and is vital for the agricultural sector to remain internationally competitive. Per day on average the port handles 10 000 tonnes of agricultural produce, 2400 tonnes of dairy product and 2200 tonnes of fruit and vegetables. It is vital that the next generation of shipping is able to access the port of Melbourne, allowing the farming community to deliver the world-class products that we produce to the rest of the world as efficiently and as competitively as possible.

Current depths prevent around 30 per cent of container ships from loading to full capacity, and this figure will accelerate to 50 per cent by 2010 as international shipping trends to larger, more cost-efficient vessels. Shipping Australia estimates that each container ship loses $400 000 when it is unable to enter or leave the port fully laden. Uncompetitive shipping costs, as the most efficient ships bypass the port of Melbourne, are one of the costs of doing nothing. Increasing fuel costs will impose greater costs for less efficient ships by doing nothing. Melbourne and Victoria will lose industry growth by doing nothing. The VFLC report the net present cost of doing nothing over 20 years will be in the order of $8.5 billion.

The project's environmental management plan is arguably the most rigorous and comprehensive ever applied to a dredging project anywhere in the world. The VFF is satisfied that the CDP is environmentally sustainable. The rigorous environment effects statement has found there will be no long-term impact on the health of Port Phillip Bay.

The VFF believes the business case is sound. PWC found a $1.7 billion benefit for Australia, with 80 per cent accruing to Victoria. The benefit-cost ratio is 1 to 3, or 3.3 — every dollar invested in the CDP is expected to return over $3 after one year of use. The project will ensure Melbourne remains the most cost-efficient port, per container, in Australia. This will safeguard jobs, keep our exports competitive, drive new investment and industry, and ensure strong, ongoing business confidence in Victoria. The increased costs due to court challenges and the additional environmental studies have not shifted the VFF's view of the business case. In fact all it has done is cost the taxpayers more money and delayed the project. Yes, there will be some additional container costs. The $40 per TEU additional charge still leaves Melbourne's rate competitive with the remainder of Australian ports. The VFF believes this charge should only be applied to imports and not exports.

Mr BARBER — What are you, a communist?

The CHAIR — Mr Barber!

Mr RAMSAY — Australian farmers operate in a world market distorted by subsidies. Government support to remove this additional charge is warranted and invited.

Mr GUY — The Greens just called someone a communist!

Mr RAMSAY — It was an interesting statement.

Mr BARBER — I would not dare put that in my policy.

The CHAIR — Thank you, Mr Ramsay.

Mr RAMSAY — Is that recorded?

The CHAIR — Mr Ford, did you want to make some comments?

Mr FORD — No, I think Mr Ramsay has covered it.

The CHAIR — Mr Ramsay, I will pick up at that point. Can you outline the VFF's reasons for believing the charge should be on imports, incoming containers, and not outgoing containers?

Mr RAMSAY — We believe initially the stevedores will be charged. As I understand, it was always the case at the beginning of the project there was an understanding there would be costs associated with the stevedores on the basis of the funding of this project, or the cost of the project to the Port of Melbourne. It was made very clear to us at the start of the project that costs will be transferred to the stevedores and most likely then transferred to the containers. Invariably we will, as a user of the port, have to carry some of those costs. For Greg's — I am not sure what it was, an enunciation or whatever — —

Mr VINEY — An interjection.

Mr RAMSAY — We believe a fair equity might well be — and I must say we have not canvassed this with our full membership, but it seems to me a reasonably good idea — that a charge be applied to imports rather than a charge being applied to the producers of this country to help allay some of those costs to the container charge.

The CHAIR — Why would you make the distinction between incoming and outgoing?

Mr RAMSAY — If the costs are applied to export invariably the producers of those exports are going to wear the charge. In our case agriculture will, and in our case the farmers will. We do not mind and we expect to pay some part of the cost of the dredging, but again we also believe, obviously, some of the imports that come in, that have no direct relationship with the producers of this state or country, should wear a significant part of that cost — given that they are actually benefiting by, presumably, the economic benefits of being able to have fully laden ships coming into port.

The CHAIR — But is not everybody who is either bringing a container in or sending a container out benefiting from the project?

Mr RAMSAY — They are, but again I am saying that the cost should be spread away from the producers of the state. I suppose it all depends on how the costs are actually transferred. We are yet to fully understand how the Port of Melbourne is to apply the increase in costs to containers, but we can only assume that the costs will be borne by those using the containers, which will invariably be the producers. Do you want to add any more?

Mr FORD — The only comment I would make is that the agricultural world markets are significantly distorted by subsidies in other countries that are applied to other producers. We have to compete in those markets and adding additional costs such as this — if we can avoid it it would be better for our producers.

The CHAIR — If it cannot be avoided?

Mr FORD — We will have to compete. Australian farmers have always had to compete in these distorted world markets and have always done a remarkable job in doing so.

The CHAIR — It does not shift the VFF's view of the project?

Mr FORD — No, definitely not.

The CHAIR — The inquiry is primarily about effectively this committee assessing the business case that has been put forward by the Port of Melbourne as to how rigorous it is, et cetera. Does the VFF have a view on the business case as articulated through the supplemental EES process? Do you believe there are issues that have not been picked up or correctly addressed — costs, benefits, or the estimation of those? Have you formed a view on the rigour of that published cost-benefit analysis?

Mr RAMSAY — We have been working closely with the Port of Melbourne ever since this project was implemented and we have raised a number of issues with the Port of Melbourne in relation to costs, particularly, as we have indicated, costs to containers. I suppose it is reasonable to say I think the cost of this project has certainly not ballooned but increased from what it originally was estimated to cost. Nevertheless we thought the business case, the environmental impact studies, the two overlays that have been done and certainly the progress have been well supported by the VFF.

Mr FORD — I think in general in the reviews that we have done of those documents we are more than comfortable that the business case is adequate. It covers the issues that should be covered and covers the issues of our concern.

The CHAIR — I will leave it there for now.

Mr VINEY — The business case has been developed on the basis of some assumptions and forecasts of economic activity in Victoria over the next 20 years. Are you familiar with those forecasts and how that business case is structured, the PricewaterhouseCoopers one and the Meyrick and Associates one? Are you familiar with those forecasts?

Mr FORD — Familiar with — sorry?

Mr VINEY — With the forecasts for the business case — the basis upon which the business case is established?

Mr FORD — Yes.

Mr VINEY — That includes forecasts about projected exports and imports and economic activity in and out of the port. People who are opposed to this project have essentially questioned those assumptions and made suggestions that those assumptions are wildly exaggerated. In particular they have questioned some of the projections in relation to agriculture over the next 20 years. Did you hear that evidence earlier?

Mr FORD — No.

Mr VINEY — Okay. If I can attempt to summarise their views: it was that the projections for grain and other agricultural products are exaggerated in the business case and that climate change and other factors will mean, as I understood it, that there will be a significant decrease in the amount of export of agricultural products. Would that be something you take issue with? What is your view about the future of agriculture in Victoria in particular?

Mr RAMSAY — If we are able to keep the water in our northern regions, we can add vastly to increased production.

Mr VINEY — I might have known that was coming!

Mr RAMSAY — The reality is we believe Victoria has a great opportunity to increase its food production. Obviously the weather is going to impact on production and we cannot forecast that. But what we are hearing is there are world food shortages; what we are hearing is there will be a significant increase in price in world food, and we have a great capacity to produce food here in Australia — very good quality, clean food. We believe, given the right conditions, we can increase production. In fact I think our efficiency in production is increasing at 4 per cent per year. We believe with the right technology — and we will certainly, given the lifting of the GM moratorium, be able to access new biotechnology — and if we are still able to do that with government policy supporting us, we can increase production and certainly take advantage of the world food shortages globally. The port of Melbourne is an important part of our being able to access international markets at a competitive rate.

Mr VINEY — I guess — picking up on your little aside — that the $2 billion investment in improving irrigation might help in that too. So is it reasonable to assume then that you are comfortable with those projections in terms of the economic activity in relation to agriculture and that you would forecast that, with the general provisos of maintaining water and agricultural innovations, we will be able to maintain those sorts of levels that are predicted?

Mr FORD — I think, as Simon as pointed out, on the trends agricultural has been one of the most innovative industries in Australia. Its productivity grows at a substantial rate, and that is primarily driven by the competitive pressures we face. There is no sign of that slowing down. On the impacts of climate change, yes, it is possible that it will have significant impacts on Victorian agriculture, but on our best guess at the moment — we do not exactly know — I think it is a reasonable foundation to base it on what has happened in the past to predict our growth rates in the future until we have more understanding of the climate change. Even with a significant impact from climate change, given access to some of the new technology, I am not sure that we can still cannot grow significantly. Victoria is a state of many climates; it is not one climate. And, as we have seen over the last few years, particularly last season when the north of the state suffered significantly from a drought, farmers were still able to produce a reasonable crop in some areas, quite remarkably given the levels of rainfall. The southern half of the state had an exceptional year and produced probably the biggest crops and biggest yields of livestock and milk than they have for some time. So we are reasonable comfortable that the forecasts are on a sound basis.

Mr HALL — First of all, thank you, Simon and Graeme, for coming in today. I appreciate your submission. Mindful of the fact that you said that you are not fully sure yet how the Port of Melbourne is going to apportion the costs of this project at each level, do you have any sense or view about what the net cost impact of this project is likely to be on Victorian food producers?

Mr RAMSAY — We have only just received the proposed charges per container from the Port of Melbourne. We have not done a full assessment of how that will spread across the commodities and how that will actually impact financially to a net cost, if you like, on each individual commodity. Because each commodity obviously uses the port in a different way. Certainly I think grain and dairy are probably the more primary commodities using the port. We are yet to discover what the dredging and the passing of the costs of dredging back to the commodities will be, net, to the producer.

Mr FORD — Could it also be — if I might just add — that the way that the infrastructure systems are being shaped up, in particular rail and perhaps more variable harvesting of grain, we might actually see a shift of more grain from bulk grain transport to containerised grain as well. Those mixes will also impact upon the cost per container unit. That could actually significantly increase the container units, if that occurs. We have already seen over the last probably 10 to 15 years fair growth in grain by container as opposed to bulk because of the niche markets that are being developed.

Mr HALL — For our actual food producers in Victoria that cost benefit may not be nailed down completely yet, but I think from what your submission is saying you see a great opportunity for your members in respect of this project. Perhaps you might want to elaborate on the opportunity benefits this project offers food producers in Victoria.

Mr RAMSAY — We in our submission and in my statement just a few minutes ago suggested there would be a 1 to 3 benefit. So we are seeing a triple benefit to agriculture in being to allow ships fully laden to come in and out of the port of Melbourne. We have not made those figures up; they are figures that have been provided to us in an economic feasibility study on the benefit to the Victorian producer in relation to supporting this project. We have been very mindful that it is an expensive project. The environmental issues aside, what is the benefit to the Victorian farmer? The analysis in the report that we have got back says that we have a net benefit of 1 to 3, which we believe is significant.

Mr HALL — Who undertook that study for you, Simon?

Mr RAMSAY — I have to refer to Graeme.

Mr FORD — That is the information in the business case provided by the PricewaterhouseCoopers report. We have no reason to doubt those numbers.

Mr BARBER — That study came out in 2007; you guys were signing on to this project right back at the beginning, weren't you?

Mr FORD — Yes.

Mr BARBER — What material did you examine at that time?

Mr FORD — Anything that improves our efficiency, and we have no doubt that improving the efficiency of sea freight transport is a benefit to agriculture — infrastructure costs, or, sorry, transport costs — —

Mr BARBER — Until you have to pay for it at $35 a container!

Mr FORD — As it turned out from the business case it seems we were right even when we were perhaps making some guesses, but we had to make some guesses when the proposal was put forward. We are not an organisation, which we would perhaps like to be, to be able to undertake our own economic analysis. We based it on how we would view any of these proposals on the principal basis at the start, and we thought as the principles stacked up, yes.

Mr BARBER — So those are the available documents that we have got as well, Meyrick mark 1, 2 and 3, and PricewaterhouseCoopers. That is what you are referring to.

Mr FORD — No, probably the most detailed document we looked at was the 2006 PricewaterhouseCoopers. But as a principle we have always supported improving the transport infrastructure.

Mr BARBER — You say in your submission that current depths prevent around 30 per cent of container ships from loading to full capacity. Where did you get that number from?

Mr FORD — I believe that is also in the PricewaterhouseCoopers report.

Mr BARBER — We heard 44 per cent this morning.

Mr VINEY — It has gone up.

Mr BARBER — It is in the PWC report and you are relying on that report. Of the roughly 2 million TEU that goes through the port now, what proportion of that contains agricultural products?

Mr FORD — The percentage figure is there, isn't it? It is 40 per cent of the export, isn't it? I cannot remember the exact figure.

Mr BARBER — In your submission you talk about tonnes. I am just talking in terms of containerised —

Mr RAMSAY — 38 per cent.

Mr FORD — I think he is saying that is tonnes. I am not sure of the exact rate in the number of containers.

Mr BARBER — Okay, but it is important. You have given us figures in terms of tonnes here: 5100 tonnes of cereals, dairy products, fruit and vegetables in your latest handout.

Mr RAMSAY — We said that Melbourne is the largest container port and handles 40 per cent of the nation's container trade — —

Mr BARBER — Yes.

Mr RAMSAY — And we said we are the largest exporter out of the port of Melbourne.

Mr BARBER — Yes, but what proportion of those containers is agricultural product? That is container movements and I think that is in and out, 2 million.

Mr FORD — It is mainly out because I am not sure of the precise numbers coming in of food.

Mr BARBER — It is not much coming in. So you do not know how many of the TEU is agricultural?

Mr FORD — No.

Mr RAMSAY — We do know it is the largest part, Greg.

Mr BARBER — Of containers?

Mr RAMSAY — Yes.

Mr BARBER — Because when you give me these figures like tonnes of cereals, I am wondering how much of that is bulk rather than containerised. You said before, which was useful, that an increasing proportion of grain is containerised. Do you know much of the 5100 tonnes of cereals is containerised versus bulk?

Mr FORD — No, I would have to —

Mr BARBER — Do you know what proportion of bulk ships are prevented from loading to full capacity and would benefit from this channel deepening?

Mr RAMSAY — I do not have that information here today. I honestly — —

Mr BARBER — But is it something you have examined? Are bulk ships being constrained by the lack of depth in port?

Mr FORD — The large ones would be, yes.

Mr BARBER — They would be. And you are a big user of those bulk ships?

Mr RAMSAY — In agriculture, yes.

Mr BARBER — It is not iron ore going out through Melbourne's port.

Mr RAMSAY — It is mainly grain.

Mr BARBER — I would like to get those figures if we can. Which of your members do business with the port directly — members of the VFF?

Mr RAMSAY — Directly? Or through the commodity?

Mr BARBER — Who are they who do business with the port directly?

Mr RAMSAY — We mainly do business through the port through agents.

Mr BARBER — Who does that?

Mr RAMSAY — I do not think the local dairy farmer in Cobram deals directly with the Port of Melbourne in moving — —

Mr BARBER — That is what I am asking. So who does?

Mr FORD — Murray Goulburn, which is essentially a cooperative.

Mr RAMSAY — Dairy cooperatives, grain cooperatives, Australian Wheat Board, GrainCorp, Australian Barley Board.

Mr BARBER — So all those big co-ops do business with the port and they are members of you.

Mr FORD — The co-ops themselves are not, but the members of the co-op will be members of the VFF.

Mr BARBER — So the co-ops are not members of you.

Mr FORD — No.

Mr BARBER — The AWB is not a member of you

Mr FORD — No.

Mr BARBER — The grain and barley boards are not members of you.

Mr FORD — No.

Mr BARBER — Now just in terms of these great figures, it depends which one you want to look at, but typically they are projecting 6 to 8 per cent compound growth in container movements over the next 10 to 15 years, possibly out to 30. What is the growth of your production in terms of export as a component of that? Are you also growing at 5 to 6 per cent annually, and do you expect to do so over 30 years?

Mr FORD — I think dairy has been growing at around 8 per cent. Obviously the last few years have had an impact on those growth rates because of the climate.

Mr BARBER — What is the growth over 10 years, 20 years, in dairy export, this is?

Mr FORD — Most of it is export. We have got a very small domestic market. I think it is almost 80 per cent of grain and dairy production that is exported.

Mr BARBER — It has been growing 8 per cent over what period?

Mr FORD — I think for probably 30 years. Again, I do not know off the top of my head.

Mr BARBER — It is important. What about fruit and vegetables? What is the rate of growth of fruit and vegetables exports by ship?

Mr FORD — Again, I do not know. It would be a matter of having a look at the stats.

Mr BARBER — How do you know it is going to keep growing at 8 per cent compound for the next 30 years?

Mr FORD — It has certainly been growing. Whether it will grow at 8 per cent, I do not know.

Mr BARBER — This is the basis of the whole business case that we are discussing here — the rate of growth.

Mr RAMSAY — We have a productivity growth of about 4 to 5 per cent. Obviously as markets open themselves up to our export trade, Greg, we will take the opportunity. Markets open and close almost on a weekly basis. As you know, we are looking at a whole range of markets for our wheat products internationally now. We have done away with a single desk, and obviously there are going to be more traders in the marketplace looking for a whole lot of international markets globally. Again, for dairy you have seen China and India opening up their doors to a lot of food produce, and we see the growth being 30 or 40 per cent in those countries as their standard of living rises and they want to consume more high-quality food. We have seen the Asia-Pacific bowl significantly seeking out Australian produce, and we again see those export countries looking to consume 30 to 40 per cent more of the type of food we produce than we do now. Globally, the doors are open for us to take an opportunity to move into those export markets, and growth could be anywhere from 8 to 50 per cent if we had the capacity to produce food at that rate. Unfortunately, we are still relying on stuff upstairs to actually be able to maximise and optimise those opportunities.

Mr BARBER — That is right. That would certainly explain the last 10 or 20 years of rapid growth with South-East Asia and China. My question for you is about ABARE's outlook, if you rely on their research: is it 8 per cent compound for the next 30 years?

Mr FORD — It is very positive. I cannot give you the exact number but it is very positive about those opening markets in Asia, particularly China.

Mr BARBER — So in summary you pretty much rely on what is in the PricewaterhouseCoopers and other reports as a basic business case, and you say you support that business case.

Mr RAMSAY — We have also relied on our own RDC companies like Dairy Australia and the Australian Wheat Board to forecast potential production and potential export opportunities. Our peak councils nationally do a significant amount of work and analysis in what is possible in relation to export, what countries might open up their doors, what the potential growth is into those export markets, and we take that into consideration. My understanding today is that the dredging is continuing. The business case was provided. We supported it on the basis that it gave us an opportunity to grow in export markets and be competitive with sea freight. I understand that dredging is not going to stop; I assume it is going ahead, and I am perhaps a little unclear as to why we are delving into the what-ifs in this particular committee in relation to 'Is the business case sound or is it not?' and 'Are we going to maximise the opportunity or are we not?'.

Mr TEE — You are not alone.

Mr VINEY — We are all wondering that.

Mr BARBER — As my final exchange I will give you one good reason why it is important that we delve into it. You are now saying that the $40 charge — but I think it is a $35 charge — per TEU should be removed. I ask you: if it is retained and we do not get these levels of growth, do you think the port can repay its $1 billion cost by levying containers, or will that inevitably lead to higher charges per container, which you will oppose? As a supplementary to that, do you support the ESC and the current model by which prices in the port are set, do you seek to change that and have the minister set prices as occurs in some other ports, or what?

Mr FORD — The ESC — we have been comfortable with that process so far, so I do not think we will be seeking to change that at the moment.

Mr BARBER — But you want to get rid of the $35 fee?

Mr FORD — Well, why wouldn't we?

Mr BARBER — Yes, I would have thought so. The benefits of this project are so incredibly enormous, but somehow they just cannot quite be captured by actual customers of the port, so everybody should chuck something in the tin.

The CHAIR — Is that a question or a statement, Mr Barber?

Mr BARBER — Sarcasm does not go down real well in Hansard transcripts, I have noticed, when I have read back my own lines.

The CHAIR — No, it does not.

Mr TEE — Does it come across as arrogance?

Mr RAMSAY — The transparency of costs associated with this project and how it will be borne by those users of the port is still a little unclear to us; however, the Port of Melbourne has identified charges that will be applied. We have asked for some transparency in how that will be reflected back to the principal users, which is us. I can assure you, Greg, that if we are not satisfied with the costs that are borne by our industry, we certainly will be strongly advocating that the Port of Melbourne relook at the way they price their container charges.

Mr BARBER — Sharpen up their pencil.

Mr RAMSAY — I do not quite understand the sarcasm. I thought we agreed to support a channel deepening project. The government supported it; it is happening now — I understand they are about 50 per cent of the way through.

Mr BARBER — Who pays?

Mr RAMSAY — Who pays?

Mr BARBER — Who is going to pay for it?

Mr RAMSAY — We are all going to pay because we are all the beneficiaries. You will be a beneficiary as you chomp away on your steak each night and your chips — to add a good competitive foodstuff. You are supporting the farmers who are actually growing the food, and you are trying to make us more — —

Mr VINEY — And he has imported a hybrid car.

Mr BARBER — But you want to levy tractors as they come in over the docks.

Mr RAMSAY — We do not want to levy tractors. We suggested that maybe a charge be applied to those imports to share the cost — —

Mr BARBER — Does fertiliser come over the docks as an import?

Mr RAMSAY — Not as a container.

Mr BARBER — Not in a container.

Mr RAMSAY — It tends to be more bulk.

Mr TEE — Irrespective of anything in PricewaterhouseCoopers' report, I take it that your evidence is that in terms of the use of the port for exports you have got a very positive outlook for the next 5 to 10 years in terms of opening markets. Is that right? Is that your evidence?

Mr RAMSAY — We have. In fact we have a Premier who is very supportive of looking at and encouraging export markets, new and old, and of regional Victoria taking advantage of that. Unfortunately we are constricted by the weather. A business case always provides estimates in targets, and I cannot think of any project anywhere around Melbourne that has properly met its targets anywhere in relation to its business case or plan. But certainly from our point of view the estimates are reasonable if we have reasonable seasons so that we can actually take advantage of the 4 per cent productivity growth that we do every year. In fact I think the productivity growth in agriculture is higher than in any other industry in Australia.

Mr TEE — The previous witnesses were from the Blue Wedges coalition. Their evidence was that farmers really do not need channel deepening. I asked Ms Warfe, the president, why then were groups such as yourselves so passionately advocating for channel deepening. She said that you were simply doing the government's bidding. I wonder if you would care to comment on that?

Mr RAMSAY — It was a stupid statement, really. If anyone had seen what has happened in the last 24 hours, I think they would accept that I am certainly not an advocate for the government, particularly on a range of water policies. That is just nonsensical because we have always been strong supporters of government policy that supports farmers and regional Victoria. In this case we see significant benefits in having ships coming into the port of Melbourne that can be fully laden in and out, and trade competitively. Melbourne we see as an important hub. Obviously as Victorian farmers we would like to see Melbourne retain its international competitiveness in sea freight, and we work on the basis that this will be a prime benefit for the agricultural sector.

The CHAIR — Thank you. Mr Guy?

Mr GUY — I do not wish to take any more of Mr Ramsay's or Mr Ford's time, but thank you for coming.

The CHAIR — I would like to go back to the issue — I think Mr Barber raised it — of the proportion of ships that are not able to fully load in and out of the port of Melbourne currently, and you may or may not have an answer to this. Your statement refers to the 30 per cent of container ships which you indicated came through the port of Melbourne which were prevented from loading to full capacity by the current depth. Do you happen to know if that is a theoretical full capacity — i.e., 'Yes, we accept that 30 per cent cannot load to full capacity, but that does not mean that 30 per cent want to load to full capacity'. Is the number of ships unable to come in and out of the port at the load they would like to come in at 30 per cent, or is that merely a theoretical figure? Do you have any — —

Mr FORD — No, we do not. We are not counting ships and the number of containers on those ships. We are relying on information provided by others.

Mr RAMSAY — Can I just add that it is not just the VFF that has been a supporter of this project.

The CHAIR — No, it is not.

Mr RAMSAY — Nearly all industries associated with sea freight have been strong supporters, and they have done their own analysis on the benefits and the merits of the business case and of the benefits to them. I suspect that through these hearings they have all provided some support of some part of the business case and the merits of it. We have not gone into detail about how many ships come in half-laden, how many go out half-laden, how many half containers there are and asked, 'How many is that?', but I suspect you have probably heard a lot of that information.

The CHAIR — We are hearing from the port tomorrow, certainly. Thank you, Mr Ramsay and Mr Ford. The committee appreciates your attendance here this afternoon and your evidence. We will have a draft version of the transcript to you within the next couple of days for any corrections you wish to make, or deletions. Thank you very much.

Committee adjourned.