

Inquiry into the proposed lease of the Port of Melbourne.

The Tasmanian Logistics Committee ('TLC') is Tasmania's independent freight and logistics industry body. We represent a unified voice for advocacy on freight and logistics matters that affect the Tasmanian supply chain. The Committee has representatives across the entire freight and logistics industry, including the major freight and infrastructure asset owning companies and industry bodies. More information can be found at www.taslogistics.net.

The Victorian Government introduced the 'Delivering Victorian Infrastructure (Port of Melbourne Lease Transaction) Bill 2015' to Parliament on the 26th May 2015. On the 5th August 2015 the Legislative Council referred this Bill to a Select Committee.

The inclusion of caps in the Bill that limit the increase of the annual tariffs is welcome, along with the continued oversight by Victoria's independent economic regulator the Essential Services Commission. However, we note the specific exclusion of any oversight of container, automotive and bulk terminal or stevedoring operations.

This leaves Tasmanian domestic shipping operators exposed to excessive port rental increases, and all Tasmanian domestic and international exporters subject to potentially uncontrolled increasing transport costs. Unreasonable costs in accessing the Port of Melbourne impact existing and potential growth for Tasmanian industry and undermines the National Land Transport Network and Federal Schemes such as the Tasmanian Freight Equalisation Scheme and the Bass Strait Passenger Vehicle Equalisation Scheme which assists Tasmania's inclusion into the Network.

On the 3 August 2015 DP World Australia and the Port of Melbourne Corporation announced a resolution of new lease arrangements at DP World Australia's West Swanson Terminal. Whilst this outcome provides some commercial precedent to favourable, privately negotiated, long term lease structures for the port, there remains some uncertainty for smaller operators who do not have the leverage of an organisation as large as DP World.

The TLC recommends that, at minimum, the Essential Services Commission be given enhanced powers to review and make determinations across all operations across the port that affect fair and equitable access to the infrastructure. More robust measures to contain unreasonable lease increases should also be introduced.

The Port of Melbourne is the primary gateway to Australia and the rest of the world for more than 97% of Tasmania's container and trailer freight. More than 20% of the throughput of the port is freight originating from, or destined for, Tasmania. Restraints to unreasonable increases in the cost of accessing the Port of Melbourne must be imbedded into legislation to protect fair and reasonable access, and to protect Tasmania's competitiveness in national and international markets.

Regards



Steve Henty

Chair