



Victorian ports under review - a year of change

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The Victorian Government is deeply invested in our freight network and connections and the contribution it makes to every Victorian.

We know the freight sector contributes \$21 billion to our economy each year and employs 260,000 Victorians.

We're improving freight connections between Victorian producers and businesses and export markets and giving Victorian's access to international products and produce.

2021 has been a year of change for Victoria's commercial ports.

Fundamental reforms to the way the state's ports are managed and a major boost to the landside efficiency of the Port of Melbourne have been a priority focus.

The Victorian Government has combined key waterside entities; the Victorian Ports Corporation (Melbourne) and the Victorian Regional Channels Authority into a single body, Ports Victoria.

The new arrangements are designed to group compatible functions and reinforce lines of accountability.

Ports Victoria will be based in Geelong and assumes responsibility for waterside access, navigational control, and safety in the state's commercial trading ports.

The establishment of Ports Victoria will ensure that safety roles and functions are reliably and consistently applied across all four commercial ports.

It also takes on new roles, including provision of maritime advice and

expertise to local port and waterway managers, assisting strategic planning of individual ports and the ports system as a whole, encouraging growth in trade and cruise shipping, educating the community and stakeholders about Victorian ports, and coordinating the Port of Geelong's strategic development.

The reforms are the first in the port sector in two decades - a period when port assets became increasingly commercialised.

The lease of the Port of Melbourne in 2016 was a key example.

The transaction transferred waterside operations to the Victorian Ports Corporation (Melbourne), and landside operations to the Port of Melbourne Operator.

Another factor driving reform was the existing port management arrangements, which were no longer fit-for-purpose and had failed to keep pace with broader changes.

The impetus for reform arose from last year's review of the Victorian ports system, commissioned by the Victorian Government, which accepted all 63 of its recommendations. The review was clear about the need for a new direction.

It concluded that, although the Victorian ports system was functional, it was poorly designed and not well suited to a state with a strong and growing overseas trade.

It found that while all the ports were safely managed, there were confusing and often unclear responsibilities across multiple governance bodies.

The review recommended that the commercial trading ports be treated on a

standalone basis and that the local ports be grouped with the state's waterways.

Further reforms of the ports sector will be announced following a broader and more strategic review of the ports network which is expected to be completed early next year.

During industry consultation for the review, stakeholders in the maritime sector made it clear that Victoria lacked a coherent, long-term strategy for the state's ports, particularly the state's commercial ports.

Shipping Australia was part of that consultation.

There was unanimous agreement over the need for a new state-wide strategy.

The Victorian Ports Strategy will not only provide a clear articulation of the value of ports to the Victorian economy, it will also explore trade and industry trends.

It will also look at network capacity; channel optimisation in the Port of Geelong, port land-use protection, and ensuring port planning and investment are coordinated with broader state transport and supply chain infrastructure like port-rail connections and intermodal facilities, as well as ensuring planning protection of land and access corridors required for a future Bay West port.

The work to reform the governance of Victoria's ports comes at a time of increased focus on the Port of Melbourne's landside connections.

The Voluntary Port Performance Model (VPPM) brings a level of transparency to port operations that participants in the container supply chain – particularly transport operators – have been seeking for years.

It delivers a platform for stevedores to share their performance with other port stakeholders.

The VPPM performs two key functions. It governs how and when the stevedores notify port users of fee changes and it delivers metrics on the performance of the landside container supply chain.

The Victorian Government wants to develop the VPPM further to incorporate data on other parts of the container freight supply chain, in particular the empty container supply chain.

Separate to the VPPM, two major projects are underway that will boost rail's share of the transport task in Victoria.

Agreements have been signed between the Victorian Government and three terminal operators who will deliver infrastructure upgrades that will form the backbone of the Port Rail Shuttle.

The Victorian and Commonwealth governments have allocated \$58 million to the project which is available in the form of grants for upgrading rail connections and improving terminal access.

The operators are SCT Logistics at Altona, Austrak at Somerton and Salta at Dandenong South.

The Port Rail Shuttle makes it possible for freight customers to locate at suburban terminals and use rail to receive and dispatch their goods to and from the Port of Melbourne.

The Port Rail Shuttle will be complemented by a \$125 million upgrade in new and upgraded on-dock and near-dock rail infrastructure in the Swanson port precinct to enable it to receive shuttle trains by 2023. This will create access for heavy port equipment to move containers direct from rail to ship, eliminating the last-kilometre transfer by trucks.

We're investing in our current corridors and creating new ones across rail and road, to better link our regions, cities and ports. We're also preparing for the future by reserving land, preparing business cases, working with government and industry to invest in growing and improving our freight network.

Our freight network underpins the Victorian economy, providing our various industries and consumers with access to the products they need and want, and connecting Victorian producers to the rest of Australia and the world. ▲



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