Property Council of Australia
ABN 13 008 474 422

Level 7, 136 Exhibition Street
Melbourne VIC 3000

T. +61 3 9650 8300
E. info@propertycouncil.com.au

propertycouncil.com.au
@propertycouncil

7 October 2016

Mr Michel Masson
Chief Executive Officer
Infrastructure Victoria
Level 16
530 Collins Street
MELBOURNE VIC 3000

Via website: http://yoursay.infrastructurevictoria.com.au/

Dear Mr Masson,

Re: Preparing Advice on Victoria's Future Ports Capacity

The Property Council welcomes the opportunity to comment on the above discussion paper. We commend *Infrastructure Victoria* for undertaking strategic planning on the location of Victoria's second port, which will be critical to the state's freight and economic future.

An expansion of Victoria's port offering will affect every industry, business and individual in the coming decades.

The Property Council believes that the Port of Melbourne will reach capacity before the end of the terms of the lease. Therefore it is prudent to plan for a second port. However, it is the Property Council's position that there are many ways to maximise the efficiency and capacity of the Port of Melbourne. This would delay the need for the second port.

Based on industry expertise to date, the Property Council's preferred location for a second port is the "Bay West" area. We welcome *Infrastructure Victoria's* independent and thorough research into this important issue.

It is our view that *Infrastructure Victoria* should pay particular attention to:

- Ways to maximise the efficiency and demand capacity at the Port of Melbourne, during and beyond the 50 year lease;
- Forecasts and assumptions of future container vessel sizes, as determined using growth projections of Victoria's import and export markets, in addition to international trends;
- The availability of land which will influence the economic, social and environmental impacts that the large scale development will have on existing industries and communities;
- The implications on businesses currently located in Melbourne's western industrial precinct;
- The investment required to develop and upgrade road and rail connections in order to expand existing capacity at the Port of Melbourne and ensure efficient connection to the new port site;
- The availability of suitable land in close proximity to a new port to enable industries to co-locate and,
- The potential impacts on Victoria's natural environment, tourism sectors and the likely political ramifications.

We believe that the integration of port facilities, transportation, commercial infrastructure and liveable communities will be vital for Victoria to be competitive on a global scale.

Please find attached the Property Council's submission in response, which addresses the terms of the discussion paper. Should you have questions regarding our submission, please contact Linda Allison, Policy and Business Development Executive on 9650 8300.

Yours Sincerely,

Asher Judah

Deputy Victorian Executive Director

Property Council of Australia

About the Property Council

The Property Council of Australia is the largest and most active advocacy organisation in the property industry. We have 2,200 member companies that represent property assets worth over $600 billion. Approximately 500 of these members are part of the Victorian Division.

Members of the Property Council represent the entire property investment cycle: finance, design, development, property maintenance and the services that underpin the sector.

The industry is the State's greatest taxpayer and employer. It is the third biggest generator of economic output. Yearly, it generates 24 per cent of Victoria's total tax revenue and is responsible for $37.5 billion of direct and indirect economic output.

Through our advocacy the Property Council is committed to the long term economic prosperity of Victoria, which in turn creates jobs and strong, liveable communities.

The Victorian Division's ports policy is informed by the Industrial, Infrastructure and Logistics Committee, comprising industry experts in ports, freight and industrial development.

When will we need a second port?

Have we missed any key factors that may influence demand and capacity at the Port of Melbourne?

Growing existing capacity

The development of Victoria's next port needs to be considered with regard to the recent lease of the Port of Melbourne to a private operator for a 50 year period. As acknowledged by the State Government, capacity at the Port of Melbourne is expected to peak prior to the conclusion of the lease. If capacity limits are reached within the next 15-20 years as anticipated, the 50 year lease for the Port of Melbourne is problematic on several fronts:

- The Swanson terminals will require significant investment in channels and infrastructure to glean additional capacity; and,
- The most likely site for expansion with access to the channel is located around Webb dock, which is road and rail restricted.

Property Council submits that priority needs to be given to maximising the efficiency of Victoria's premier port both during and beyond the terms of the lease. Growing the Port of Melbourne's existing capacity to handle freight traffic would also defer the need for a second port, and its associated capital. Examples such as expanding the container terminals at Swanston and Appleton Docks, greater investment in Webb Dock to increase ports capacity or the development of an intermodal system to transport metropolitan freight by rail to hubs, can all deliver greater efficiencies[1].

In the context of maximising capacity, Infrastructure Victoria should further consider the implications of staging capital investment at the Port of Melbourne, since bringing on additional capacity in a new location could fragment the industrial and freight sector whilst two ports operate. This will be particularly relevant to the transhipment of freight across Bass Straight and for all port providers who will need to duplicate with supply chains for the period that two ports are operating. In order to develop an understanding of how to undertake this staged expansion, we recommend that Infrastructure Victoria conduct further consultation with industry to understand the various implications on competitiveness.

Manufacturing and eCommerce

The long term demise of domestic manufacturing has been a key driver of containerised import volumes. Victoria's manufacturing sector has been experiencing a period of contraction, due to a combination of high labour costs and currency valuation relative to other global regions. To fill the void left by

[1] The Property Council has provided our feedback to Infrastructure Victoria around these options and others for expanding capacity at the Port of Melbourne, in our submission to the *All Things Considered* Discussion Paper.

manufacturers, Australian retailers and consumers have turned to offshore goods and imports which in turn have placed pressure on Victoria's port and infrastructure networks[2].

Demand at the Port of Melbourne has also been affected by the transition of retail trade towards e-Commerce. The growth of large volume online retailers, combined with the advent of shorter delivery times is also putting pressure on supporting infrastructure which service industrial precincts, such as dedicated freight lines and arterial roads. For these retailers, it is imperative to minimise the cost and maximise the effectiveness of the supply chain.

An efficient and cost competitive supply chain is crucial to maintaining Victoria's industrial edge over other states, by keeping down the cost of goods delivered, and enhancing the range of investment opportunities in the State. Property Council holds that a greater ports capacity, along with efficient freight links between Melbourne's industrial precincts and supporting infrastructure would enable Victoria to benefit from this fast growing industry. Equally, exporters of primary commodities require cost efficient access to port facilities to ensure the competitiveness of their supply chains to retain and grow their markets overseas. A failure to continue to provide world class freight and logistics infrastructure would risk Melbourne's standing as Australia's largest port.

Which key factors are likely to have the greatest influence on demand and capacity at the Port of Melbourne?

Population growth

Property Council asserts that current projections of capacity at the Port of Melbourne have not adequately take into consideration the rapid growth over the past five years.

[2] "Connecting the dots – the rise of intermodal terminals – Industrial Research and Forecast Report", 2016, Colliers International,https://www.colliers.com.au/~/media/australia%20website/files/research/industrial/2016%20industrial%20rfr%20h1webfinal2016.ashx

We do not believe the Port of Melbourne will be in existence in central Melbourne in 2085 and if it is, *Plan Melbourne* has outlined no strategy for coping with a fully operational port in the heart of central Melbourne. Thus, these two major infrastructure policies are potentially in conflict. There is also the key constraint of road congestion already evident, which is only going to worsen as population increases. These issues will greatly impact on amenity in the immediate port area, and on arterial roads used to move freight around the city and beyond.

To ensure the continuation of an efficient and cost effective supply chain, we recommend in the short term that Infrastructure Victoria should consider ways to address Melbourne's congestion and urban amenity issues at and around the current port site. If capacity limits are reached within the next 15-20 years as anticipated, the Port of Melbourne can expect to face a growing number of issues related to urban densification activity and poor land transport systems.

In the long term, the Property Council expects port operations at the Port of Melbourne site to be relocated, and the land to be remediated to accommodate Melbourne's increasing population, much like Fishermans Bend. This follows a trend towards moving port operations out of inner city congested areas (for example Brisbane and Sydney) to provide the right infrastructure for modern port operations and to minimise the impact of amenity on surrounding area.

Road and rail

The record growth of containerised trade at the Port of Melbourne presents complex planning and infrastructure challenges for Victoria's transport networks. Capacity constraints for road and rail have become particularly acute in Melbourne, due to the added factors of urban congestion, population growth and the concentration of industries specialising in manufacturing, food processing, retail distribution and international container trade.

The Property Council is of the view that there has been inadequate investment into the road and rail upgrades which would be required for the Port of Melbourne to meet its projected capacity. We strongly recommend Infrastructure Victoria prioritise the development of the Western Intermodal Freight Terminal

(WIFT), a critical facility to east bottlenecks at the Port of Melbourne and to connect Victoria to other key interstate markets. The WIFT should include both domestic and overseas freight and in time, surpass the need to retain Dynon Road.

Rail infrastructure into the port is currently underutilised. Victoria's major interstate competitors have fully integrated intermodal facilities. Melbourne is falling behind in port efficiency without an intermodal facility. In addition, higher productivity vehicles could also make better use of existing road infrastructure. Many of the recommendations in Infrastructure Victoria's Draft Strategy relate to this issue, particularly the issue of congestion charges and the Western Interstate Freight Terminal (WIFT).

Given that Australian supply chains are heavily dominated by road, consideration should be given to the potential impact on congestion, which currently places a heavy impost on the Victorian economy. We further recommend that investment in road and rail networks which support the current freight task should be developed as a priority above the vagaries of the political cycle.

Technology

Demand and capacity at the Port of Melbourne will need to be considered with the power of disruptive technology at the fore. For instance, advancements in distribution technology, transportation (E.g. driverless vehicles) and energy could enable even greater economies of scale and productivity, whilst reducing cost and congestion. On the other hand, a lack of investment in these areas can also severely undermine the relevance of Victoria's port capacity in the years to come.

In recent years advances in automated handling systems for containers are substantially increasing the efficiency of landside port operations, and vessel turnaround. However, this requires substantial new investment in large scale equipment. A stevedore faced with this investment to stay competitive in a port with medium term capacity constraints is not likely to proceed where capacity is constrained and the need to relocate is foreseen. Compromised decision making in relation to implementing improved stevedoring operations ultimately disadvantages exporters competing globally.

This issue is more likely to trigger the need for a second, preferably greenfield-sited port than the issue of capacity at the existing port facilities. The Port of Melbourne is also impacted by encroaching urban densification activity and poor land transport systems, as mentioned above (see 'Population Growth'). If the Port of Melbourne can maximise the efficiency and extend the life of the Port, a return on major capital investment can be realised.

Vessel Size

Related to the above, another key factor likely to impact on the demand and capacity at the Port of Melbourne concerns the vessels that the Port can be expected in service in coming years. Over the past three decades, the capacity of container vessels has significantly increased, in order to achieve economies of scale as well as fuel efficiency. The average size of container vessels calling at Australian ports is around 4,000 TEU, with the largest vessel size servicing Australian ports being the Post Panamax Plus generation, at 6,000 to 8,000 TEU.

Former State Governments have asserted that a key reason for the development of a port at Hastings was the presence of deep water necessary to accommodate much larger ships (those with a draft of 16 meters). This assumes that the transportation of cargo for Australia's markets will be in the short or medium term replaced by vessels similar to those used between the major global ports serving Europe, China, India, the Middle East and the Americas.

The likelihood of this scenario has been questioned by experts in recent years, given international shipping companies are not likely to bear the cost of sending larger vessels to Victoria's ports without sufficient demand[3]. Victoria's current population of 6 million people is anticipated to grow to 10 million people by the 2050[4]. This presents a stark contrast compared to populations currently being serviced by mega vessels trading on shipping routes between Asia and Europe. For instance, the Port of Rotterdam handles mega

[3] "Project affecting all of Victoria has to be part of election debate", The Conversation, https://theconversation.com/project-affecting-all-of-victoria-has-to-be-part-of-election-debate-30666
[4] *Victoria in Future*, Victorian Department of Environment, Land, Water & Planning, http://www.dtpli.vic.gov.au/data-and-research/population/victoria-in-future-2016

ships to service a market of approximately 350 million people, approximately 15 times greater than the entire population of Australia[5].

Another reason why Victoria's second port may not attract larger vessels stems from the current size of container ships that service all of Australia's city ports. Australia's import and export freight supply chains are served by about seven million containers annually which are distributed between the capital city ports, all of which have restrictions on vessel size, as shown:

Port	**Approximate Distribution (TEU)**	**Limit on Vessel Size (draft)**
Port of Melbourne	2.5 million containers, including Tasmania's mainland domestic and international freight	14 metres
Port Botany -Sydney	2.1 million containers	15 metres
Port of Brisbane	1.1 million containers	14 metres
Port of Fremantle	650,000 containers	15 metres
Port of Adelaide	300,000 containers	14 metres

Source: Institute for Supply Chain and Logistics, Victoria University, 2014

A greater or proposed water depth at Victoria's second port therefore may have little or no influence on the size of vessels, if other capital city ports cannot accommodate larger vessels by deepening channel and berths. Moreover, vessels which have had their cargoes discharged in Queensland or Sydney before arriving in Melbourne will naturally have a smaller displacement.

Ultimately, the size of vessels serving Australian ports will determined by market demand, not government policy. In the same way that shipping has evolved since the advent of containerisation, shipping companies

[5] "Build it – but will they come? A pre-mortem analysis of the Port of Hastings Development Project to encourage alternative integrated planning" Institute for Supply Chain and Logistics, Victoria University, https://www.vu.edu.au/sites/default/files/iscl/pdfs/Build-it-but-will-they-come.pdf

and supply chain industries operating in global markets are going to respond to the need (or lack thereof) for larger ships. According to Victoria University, Australia's small and diverse markets and the abundance of agricultural and perishable food related exports, are likely to be better serviced by smaller vessels, which can satisfy Australia's need for stable and regular movements of imports and exports[6]. The Property Council does not consider the development of a new larger container port should occur without sufficient evidence of its requirement. We urge Infrastructure Victoria to address questions of demand and capacity by taking into account forecasts and assumptions of future container vessel sizes, using among other data, growth projections of Victoria's import and export markets, in addition to international trends.

Where should the second port be?

Do you think we have missed any important factors for assessment of the sites?

Cargo handling capacity

The ability of the new port to meet demand forecasts relies on its productivity and the level of service it provides. The factors which determine capacity are the extent and suitability of basic waterside and landside infrastructures which are available, and the efficiency with which this infrastructure is used. Providing new capacity depends on the combination of three distinct elements:

- **Waterside capacity**, which depends on factors such as access to open water, the measurements of the channel, the swinging arrangements and the berths. It is a functional requirement that basic waterside and marine infrastructure are in place to accommodate the vessels that industry is likely to require – be it larger vessels in line with global trends (refer above) or those vessels which are more modest in scale.
- **Port terminal capacity**, which depends on the number and reach of quay cranes, the terminal area, the terminal equipment, the potential for expansion, neighbouring developments as well as

[6] *Built it – but will they come*?, Institute for Supply Chain and Logistics, Victoria University, https://www.vu.edu.au/sites/default/files/iscl/pdfs/Build-it-but-will-they-come.pdf

environmental concerns. Importantly, the development of a new port represents an opportunity to set new benchmarks in terms of efficiency, ship to shore transfer and intermodal exchange.

- **Landside connections**, which depends on the port's proximity to importers and exporters and the availability of transport links to these groups.

Optimising design potential

The location of Victoria's second port affects a range of design factors such as accessibility and proximity to existing roads and utilities, which in turn impacts on the development cost and future operation of the port. It is therefore important to address site selection in a way that maximises efficiencies in meeting the port's requirements but minimises cost.

The efficient delivery of freight requires good road, rail, air and sea connections to service global customers. It is worth noting, that from a supply chain perspective most of the land to the west of Melbourne is relatively suitable for the development of logistics related industries. Moreover, it is the current location of existing businesses involved in importing, exporting and providing logistical services, with many functioning connections to inter and intra-state road and rail connections.

By contrast, whilst most of the land around Hastings is suitable for the development of logistics related industries, major road and rail infrastructure linking Hastings with the metropolitan, regional and interstate hinterland would need to be constructed at great cost. Transit times to interstate markets also need to be considered.

In assessing different options for locating the second port, consideration should be given to how all Victorian ports can be optimally used to ensure that our commercial operations match the facilities available across the state. For instance Port Kembla is known as the 'car port', the Port of Newcastle has a reputation as the 'bulk port' and Port Botany, the 'container port'. Infrastructure Victoria should further consider expanding Victoria's total ports capacity across multiple sites such as Geelong, Portland, Hastings, the West and Melbourne by leveraging existing infrastructure, rather than developing a new port site.

Logistical barriers

Building a successful container terminal, particularly in a new location, involves providing sufficient and well connected infrastructure on the landside, as well as the water side. Business locations are determined by commercial considerations, among which the proximity to transport networks (road and rail) are key. Given the increased capacity that the new port will deliver, businesses can be expected to relocate and adjust their operations, potentially away from the current industrial 'heartland' in the West of the metropolitan region.

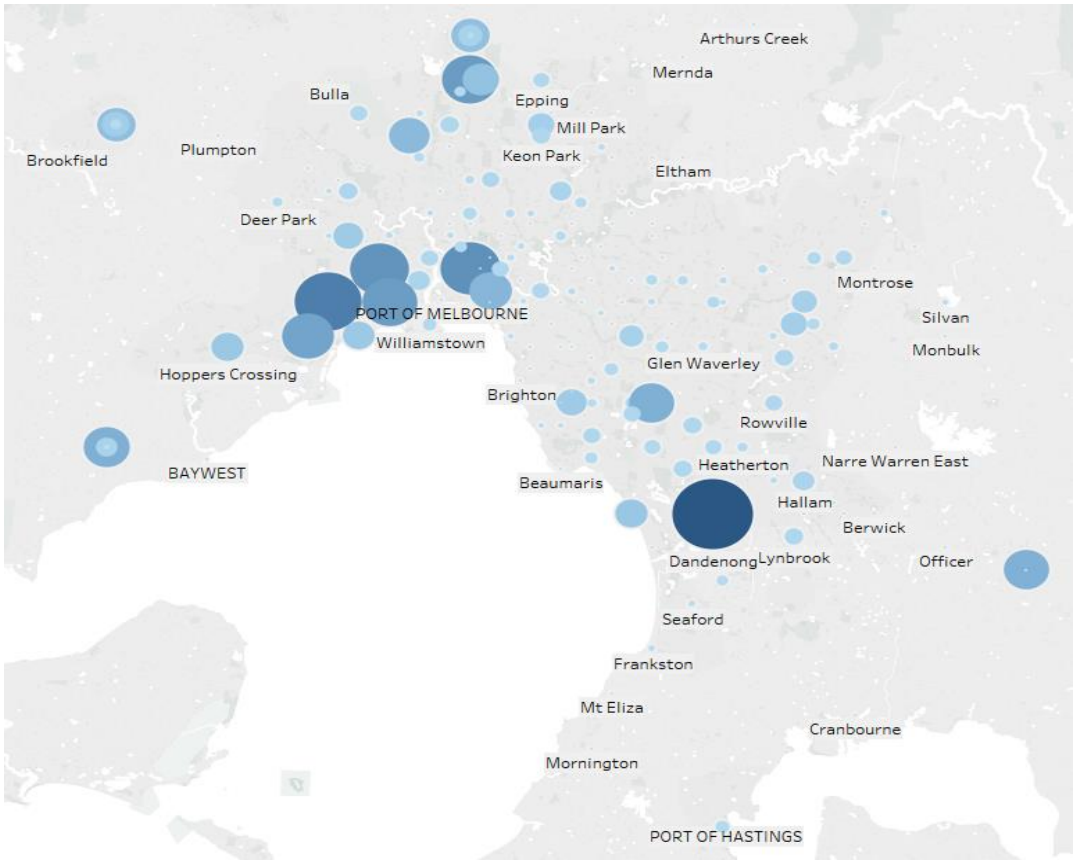
Currently, the vast majority of import and export containers passing through the Port of Melbourne are destined for and originate from the north and west of metropolitan Melbourne. If a significant proportion of the businesses currently established to the west of Melbourne's CBD remain in their current locations, the potential freight impact of locating the next port at Hastings could be significant.

In the interests of Infrastructure Victoria making an informed assessment as to the location of Victoria's next port, the Property Council obtained member data on the impact of port operations on vehicle cost, travel time, and road kilometres.

The following analysis of container activity shows 2015-16 import and export TEU, using extrapolated data from the Port of Melbourne and Dynon Rail Terminals 2009 Container Logistics Chain Study (2010)[7].The location of container activity reflects first and foremost the cost and availability of industrial land within Melbourne. As Figure 1 shows, the Port of Melbourne currently reflects the epicentre for container activity locations.

[7] Based on growth in total TEU through the Port of Melbourne from FY2009 to FY2016 (growth of around 134 per cent)

Figure 1: Estimated 2015-16 port import and export TEU



Source: Property Council of Australia (Victoria)

As Figure 1 indicates, the locations of Hastings and the West are more remote from the centre of container activity, which would present considerable freight challenges. This is significant given our finding that current vehicle costs for container movements to and from Hastings would be 2.8 times more than movements to and from the Port of Melbourne (within the metro boundary), and 1.5 times more than the transport cost from the West.

Analysis of vehicle time indicates that travel time becomes more significant than stationary vehicle time in the case of comparing Hastings to the West. This is due to vehicle travel time for Hastings is 2.7 times that for the Port of Melbourne, and 1.6 times that of the West.

Analysis of road kilometres shows that the distance to service Hastings is 2.7 times greater than the distance to service the Port of Melbourne, and 1.4 times greater than the distance to service the West. These analyses suggest that, in general, the economic, social and economic costs of locating Victoria's next port in Hastings is likely to be significantly higher compared to the existing port location, or the West. While a port at Hastings could skew industrial growth to the Dandenong area (as Figure 1 suggests), secondary distribution to metro Melbourne would become more difficult, as a result. There are land supply constraints to consider around the Dandenong area, making industrial growth difficult over time.

According to a report by Victoria University's Institute for Supply Chain and Logistics which used 2011-12 container volumes, over 70 per cent of containers would have to work their way through the Melbourne metro area to reach Hastings. The report claimed that a shift to the Port of Hastings would cause a doubling of truck operating costs, increased travel time and emission as well as air quality degradation[8]. It is also important to consider the origin and destination of freight, given much of Victoria's exports originate from Northern and Western Victoria.

The Property Council suggests more recent data should be obtained by Infrastructure Victoria to assess the potential freight implications of transporting goods (provide current freight road and rail networks) to potential port sites. This knowledge should subsequently inform Government strategic plans to enable current road networks to cope with increased traffic and truck trip distances. However, as the above findings suggest, transporting goods across metropolitan Melbourne from Hastings is likely to increase costs, reduce efficiency and negatively impact on import and export business competitiveness.

Rental values

Melbourne's attractive industrial land prices and rental values, which are on average 40 per cent cheaper than those in Sydney, play a key role in maintaining our reputation as a logistics capital of Australia. This is particularly true for rental values in the western industrial market.. Rental values in the South East are

[8] *Built it – but will they come*?, Institute for Supply Chain and Logistics, Victoria University, https://www.vu.edu.au/sites/default/files/iscl/pdfs/Build-it-but-will-they-come.pdf

often 10 per cent to 20 per cent cheaper than in Sydney, and this saving can be easily outweighed when transportation costs are taken into account.

The development of a second commercial port will have a profound impact on the demand for and supply of industrial property in Melbourne. It is important for appropriate consideration to be given to impact that a port, and its chosen location will have on the rents, yields and capital values of industrial submarkets that are influenced by the new development. The strength of local industrial markets will strongly influence the viability of a new commercial port. For this reason, the Property Council believes that an understanding of the likely changes to market indicators and investment activity should be a prerequisite to the development of a second commercial port.

Land Supply

The development of Victoria's next commercial port will inevitably have a significant impact on the land and population of where it is located. This is likely to be seen through changes to the economic, social and environmental processes of the area. As such, land use planning, particularly land supply considerations in the areas servicing the port should be key factors used to determine the viability of the chosen location. Given the scope and magnitude of this infrastructure project, large amounts of storage and warehouse space will be required to support the port. It will also be vital for land to be available for the development and growth of residential property and its ancillary uses. According to Colliers International, a doubling of Melbourne's port capacity could generate a further 10 to 15 million square meters of development over the next twenty years[9].

As outlined in the Discussion Paper, there is insufficient information available to define the precise location of a commercial port to Melbourne's west. It is suggested that the site, covering the north west coastline of Port Phillip Bay between Point Lillias and Point Cook (25-50km south-west of Melbourne), possesses several viable port locations. This coastal precinct is located within the municipality of Wyndham and more specifically situated within a combination of Green Wedge, Public Park and Recreation and Special Use

[9] *Supersized Stock, Research and Forecast Report Second Half 2014 -Industrial*, Australia and New Zealand, Colliers International, http://www.colliers.com.au/find_research/industrial/industrial_-_second_half_2014/

Zoning under the relevant planning scheme. These zones provide for the use of land for agriculture, public recreation and open space as well as an integrated marina and residential development, respectively. Notably, the State Government's Urban Development Program (UDP) has not identified any industrial land that is present or proposed along this north-west coastline of Port Phillip Bay (Appendix 1). Accommodating for a port would therefore require integrated, strategic planning for industrial and commercial land accompanied by appropriate supporting infrastructure.

The Property Council submits that Victoria's western, north and central industrial precincts would benefit from their close proximity to a second commercial port located in the West. UDP data highlights how large amounts of industrial land currently exist and that a pipeline of industrial land is proposed in the western, northern and central sub-regions, which will cater for growing demand into the future (Appendix 1, 2 and 3). The impact that a new port would have on the transport routes, land use and market forces influencing these industrial precincts should also be assessed when determining the most appropriate location of the port. This will assist Government in forecasting and ultimately delivering land supply and rezoning that is required.

In the 1960's approximately three thousand hectares of land surrounding the Port of Hastings was set aside under the Mornington Peninsula Planning Scheme for port related uses. This area was delineated as a 'Special Use Zone 1' (SUZ1) with the purpose of providing "a location for selected port and industrial uses which depend upon or gain significant economic advantages from the natural deep water channels in Westernport." In addition, three separate areas were identified and reserved in the mid-1970s for port purposes and so that the State's options with regard to any future port development were preserved. As it currently stands, the area designated as SUZ1 is largely comprised of farm land with some rural residential and a number of small to medium size commercial operations. A new commercial port located at Hastings would directly impact demand across Melbourne's southern industrial precinct (Appendix 4)). The attributes of this industrial sub-market should be analysed when considering the feasibility and impact of locating a port at the Hastings site. This assessment will allow for the State Government to determine whether the land supply in this sub region is adequate and in turn extrapolate what changes to land use or infrastructure may be required.

Environmental issues

Site specific physical and environmental constraints could impact on the capacity of the new port, the cost of its construction and opportunities for future expansion. An initial assessment of the port site should be conducted to identify sensitive environmental areas or uses that require protection. Generally, the west contains vast areas of farmland which have relatively low covering of native flora, whereas the area around Hastings has a much greater covering of native fauna.

Consideration should also be given to the designated areas which are protected under the international Ramsar Conventions on Wetlands[10]. These areas, which include all of Western Port to the North and East of Phillip Island pose one of the greatest environmental issues for the development of Victoria's second port. Should the State Government wish to construct a container terminal in the Ramsar Convention protected area, mitigation measures will need to be undertaken to ensure the continued protection of the wetlands. The potential environmental impacts associated with the development of the port may include varying degrees of impact on air quality, noise, water quality, waste management, ecology, fisheries, landscape and cultural heritage. Broad ranging opposition is not only likely to result if Australia fails to uphold its obligations and responsibilities as a signatory to an environmental protection convention, but also the potential impacts on the region's tourist industry. Government can expect to face considerable scrutiny, both domestic and internationally, during the construction, dredging, maintenance and operation of the port.

Tourism

The Mornington Peninsula home to one of Victoria's most vibrant tourism industries, contributing approximately $1.8 billion in total (direct and indirect) tourism output[11] . As mentioned above, if Victoria's next port is to be located at Hastings, the impact of transporting most of Victoria's freight through this region by road and rail cannot be achieved without a significant risk to the natural environment and local

[10] "Significant Wetlands", Department of Environment, Land, Water and Planning website, http://www.depi.vic.gov.au/water/rivers-estuaries-and-wetlands/wetlands/significant-wetlands, last accessed September 2016

[11] "Value of Tourism to Mornington Peninsula 2013-14" Tourism Victoria, October 2015

attractions. This includes the Western Port coastal scenery affecting property owners and holidaymakers on the Mornington Peninsula, and the nationally significant penguin parade and seals on Phillip Island.
By contrast, the West holds vast tracts of flat relatively benign farming land that can easily be utilised for freight related operations. Combined with the fact that the majority of industrial freight and logistics infrastructure is already available, this makes the west a far more reasonable option.

Voters

In addition to the wide ranging social and environmental issues outlined above, there could be very strong concerns throughout Melbourne over the potential loss of properties and amenity resulting from construction and operation of the second port, and its associated infrastructure. The political cost of these issues could lead the State Government of the day to re-evaluate the location of the proposed port and associated infrastructure. Property Council proposes that Infrastructure Victoria should monitor the economic, political and social cost of the port development.

Employment base

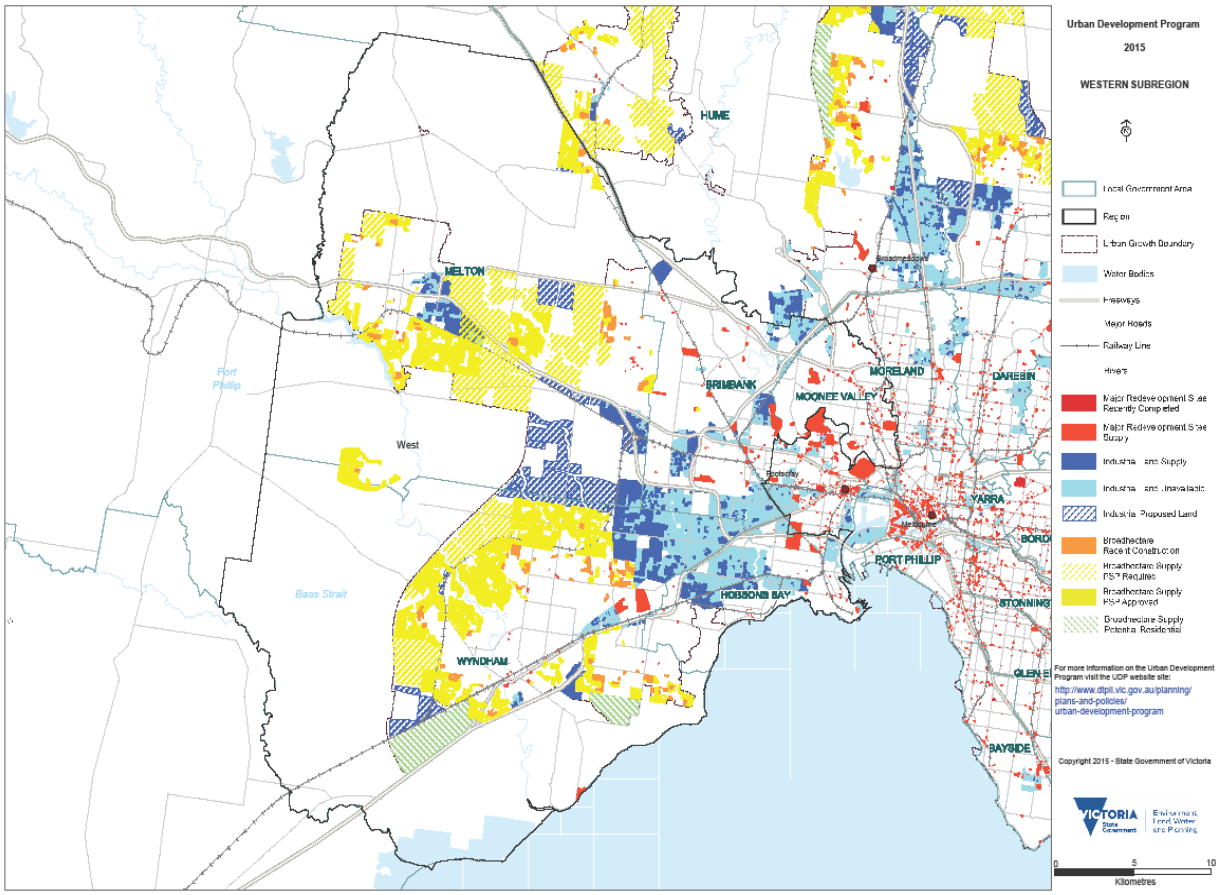
Easy access to a local workforce will be imperative for a new container port. Geelong and Melbourne are home to large residential workforces which can provide much needed support for industrial operations in the West. Hastings presents considerable challenges due to its aforementioned distance from the centre of container activity. Travel times, which are influenced by a number of criteria such as future land supply and proximity to national transport networks, will therefore be a key factor for businesses in making the decision on whether relocate their operations to optimise their use of the new container port.
When will we need a second port?

Conclusion

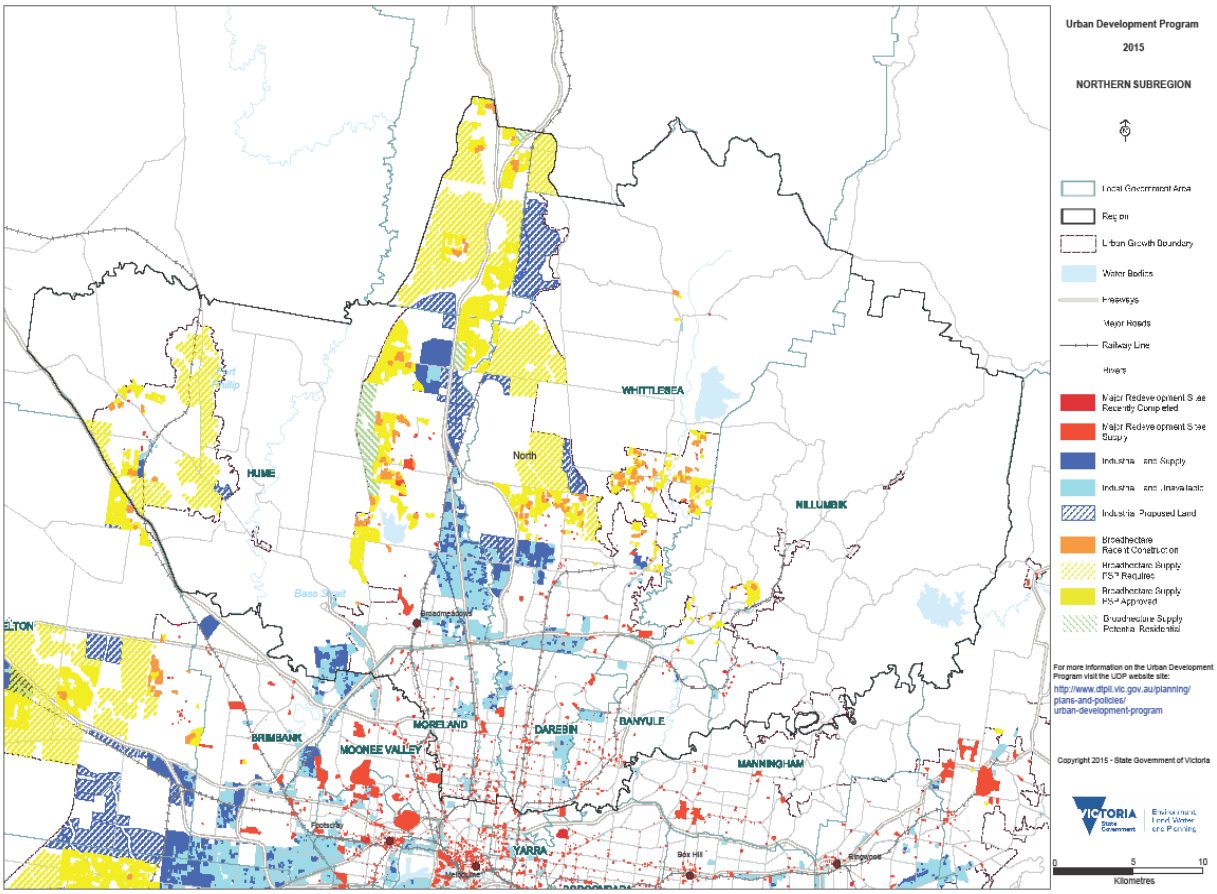
The Property Council welcomes the opportunity to provide input to this important issue. A second port near Melbourne will be required in future decades, and it is the property industry's position that the "Bay West" area, to date is the preferred location. We welcome Infrastructure Victoria's independent research.

In the interim, a commitment by Government and port stakeholders to maximise the efficiency of the Port of Melbourne to increase its capacity is crucial.

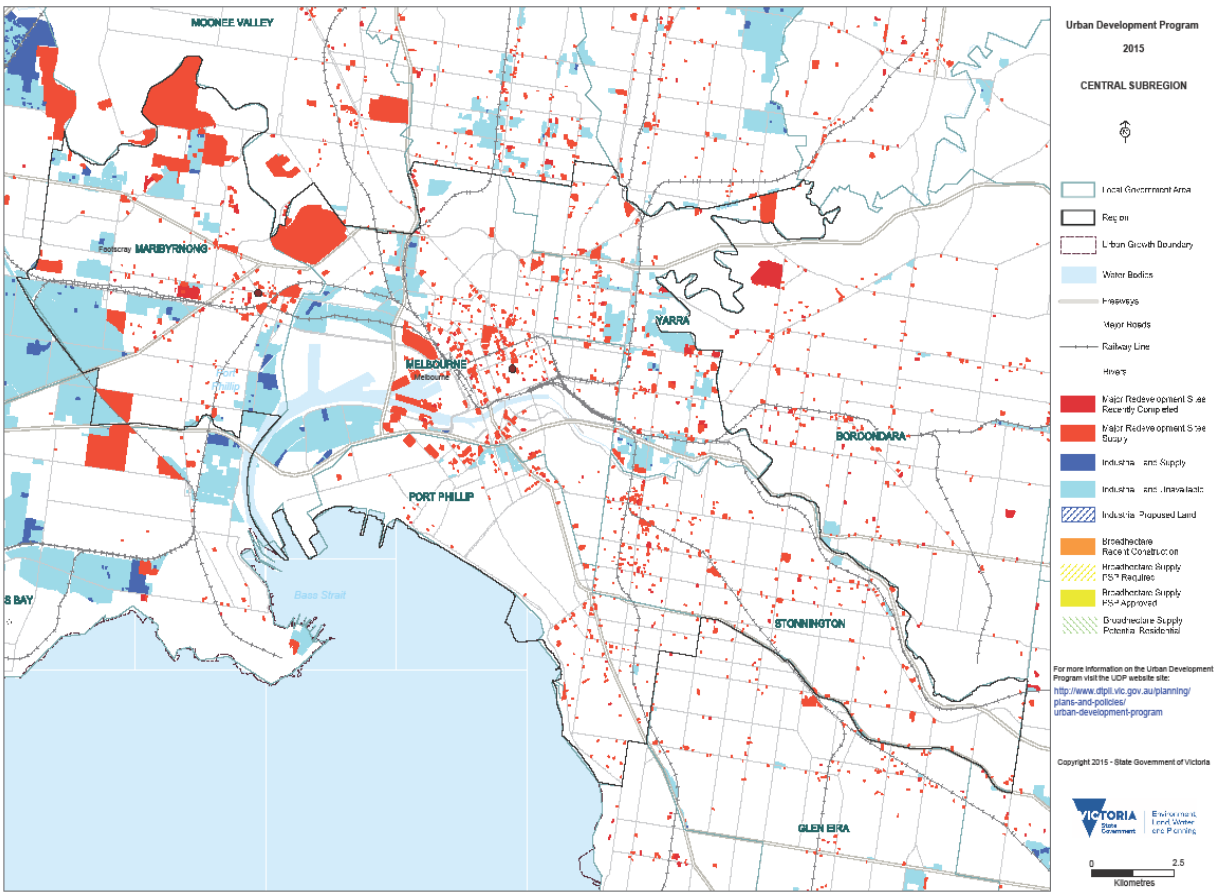
Appendix 1: 2015 Urban Development Program Overview Map – Western sub-region



Appendix 2: 2015 Urban Development Program Overview Map – Northern sub-region



Appendix 3: 2015 Urban Development Program Overview Map – Inner sub-region



Appendix 4: 2015 Urban Development Program Overview Map – Southern sub-region