



31 August 2023

Port of Melbourne  
Level 19, 839 Collins Street  
Docklands Victoria 3008

Via email: [portdev@portofmelbourne.com](mailto:portdev@portofmelbourne.com)

## **SUBMISSION TO THE PORT OF MELBOURNE ON STAGE ONE ENGAGEMENT FOR THE PORT CAPACITY ENHANCEMENT PROGRAM**

Infrastructure Partnerships Australia is pleased to provide this submission in response to Port of Melbourne for its Stage One engagement as part of the Port Capacity Enhancement Program (PCEP).

Infrastructure Partnerships Australia is an independent think tank and executive member network, providing research focused on excellence in social and economic infrastructure. We exist to shape public debate and drive reform for the national interest. As the national voice for infrastructure in Australia, our membership reflects a diverse range of public and private sector entities, including infrastructure owners, operators, financiers, advisers, technology providers and policy makers.

### **Ports lie at the centre of our maritime logistics system as the critical freight gateways between Australia and the world**

Ports drive economic growth, provide domestic and international access to goods, and shape patterns of economic activity in our cities. A growing demand for goods from businesses and residents in urban and regional areas that are expanding in population has resulted in increased freight activity throughout the country – notwithstanding the pandemic-disruption of the past few years. In turn as Australia faces a long-term trajectory of population growth, more containers, trains, ships, aircraft and trucks will be using our infrastructure networks in the coming decades, right across the freight supply chain.

The productivity and efficiency of Australia's major ports is strongly linked to efficient long-term land-use planning of ports and the surrounding infrastructure. The PCEP is a strategic and welcome opportunity to plan and respond to the impacts that projected population and economic growth will have on long-term freight demand at the Port of Melbourne – and ensure that there will be sufficient capacity to service this increased demand.

### **Responding to forecast trade demand is key to long-term planning that enables the efficient flow of goods**

As part of the PCEP's technical reports, the *Port of Melbourne – Container Capacity Review* sets out different scenarios for the Port's optimum capacity between 2022 and 2050, based on a baseline case of trade. It concludes that, depending on the scenario modelled, projected container trade forecasts will exceed the Port's



capacity between 2029 and 2034.<sup>1</sup> This assessment indicates that additional capacity will be required at the Port in just over a decade's time, regardless of the modelled scenario.

While current container trade volumes may be well within the Port's capacity now, it is vital that the Port considers future capacity proactively and responds to it accordingly. Responding reactively when container trade surpasses capacity and becomes constrained and congested is an inefficient and expensive way to manage freight flows in the network.

In fact, in Infrastructure Australia's 2016 *Australian Infrastructure Plan*, the independent infrastructure body recommended:<sup>2</sup>

**All governments should establish targeted investment programs focused on removing first and last mile constraints across the national freight network.** These investments should be informed by the findings of the recommended *National Freight and Supply Chain Strategy*.

This is reiterated in the Port of Melbourne's *2050 Port Development Strategy*:<sup>3</sup>

As the volume of freight handled across land grows, it becomes more important to keep road, rail and pipeline connections running smoothly while minimising impact to other road and rail users and local communities.

The economic and social impacts of the sea freight sector do not start and stop at the port terminal. A foundational consideration for achieving and maintaining an efficient, cost-effective freight network is not only *how* ports connect to populations – but *how well* they do it. Ensuring port infrastructure has enough capacity to meet forecast demand is one of the first pieces of this puzzle, in order to maintain an unconstrained, efficient flow of goods in and out of Melbourne in the decades to come.

Infrastructure Partnerships Australia would be happy to provide further assistance to the Port of Melbourne. If you require additional detail or information, please do not hesitate to contact Mollie Matich, Director, Policy and Research, on (02) 9152 6000 or [mollie.matich@infrastructure.org.au](mailto:mollie.matich@infrastructure.org.au).

Yours Sincerely,



**ADRIAN DWYER**  
Chief Executive Officer

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<sup>1</sup> Black Quay Consulting, *Port of Melbourne – Container Capacity Review*, January 2023, page 81.

<sup>2</sup> Infrastructure Australia, *Australian Infrastructure Plan*, 2016, page 56.

<sup>3</sup> Port of Melbourne, *2050 Port Development Strategy*, 2020 Edition, page 59.

