

**Port of Melbourne Operations Pty Ltd**  
**Submission to Independent Review of**  
**Infrastructure Australia**

15 August 2022

Port of Melbourne



Monday, 15 August 2022

Independent Review of Infrastructure Australia  
Reviewers Mike Mrdak AO and Nicole Lockwood  
c/o  
Director - Engagement, Advisory and Projects Section  
Department of Infrastructure, Transport, Regional Development, Communications and the Arts  
GPO Box 594  
CANBERRA ACT 2601

And by email: [IA.Review@infrastructure.gov.au](mailto:IA.Review@infrastructure.gov.au)

Dear Reviewers,

**Re: Port of Melbourne submission – Independent review of Infrastructure Australia**

Port of Melbourne Operations Pty Ltd (PoM) is pleased to provide a response to the Government's Independent review of Infrastructure Australia (IA). As Australia's largest container and general cargo port, PoM is a vital trading hub for south-eastern Australia, facilitating more than one-third of the nation's container trade and playing a critical role as a key driver of economic activity. To fulfil this role, we are focused on providing world-class port facilities and services, as part of a nation-wide network and we are committed to investing in Australia's supply chain infrastructure, to enable efficiencies and productivity that support our economic future and respond to trade needs over the short to long-term.

Port of Melbourne is central to the freight and logistics industry in south-eastern Australia; we serve as the key domestic and international trade gateway for Tasmania and play a critical role in supporting regional exporters. Working closely with our tenants and port users has proved vital in managing supply chain challenges during COVID-19, and we will be important to the nation's post-pandemic economic recovery.

The Port directly contributes 19,600 jobs and \$6 billion to the Victorian economy each year. PoM is focused on investing in infrastructure to cater to future trade and supply chain capacity demands to support the efficient movement of goods through the port-related supply chain for the benefit of businesses, consumers and the broader economy.

As a provider of infrastructure, PoM has been active in engaging with IA regarding the infrastructure needed to support the freight and logistic sector ensuring world-class port facilities and services, and an efficient, productive and robust supply chain.

To this end PoM has actively engaged with IA on the following Infrastructure Priority List proposals, either as proponent, supporter/delivery partner or industry stakeholder, providing submissions and detailed evidence.

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**Rail access to Webb Dock**

**Proponent**

Provide new rail connections to Webb Dock by reinstating the previously decommissioned rail corridor. The proposal aims to support container growth, maintain freight efficiency and reduce congestion on the surrounding road network.

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**Melbourne intermodal terminal capacity**

**Supporter**

Delivery of new Melbourne intermodal terminal capacity at Truganina, west of Melbourne (referred to as the Western Interstate Freight Terminal), and at Beveridge, north of Melbourne (referred to as the Beveridge Interstate Freight Terminal).

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**East coast deep water container port capacity**

**Industry Stakeholder**

Enable infrastructure improvements that enable larger vessels access to Australian ports on the east coast

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**Melbourne container terminal capacity and land transport access**

**Delivery Partner**

The development of additional container terminal capacity in Melbourne – with dedicated connections to the port, proposed metropolitan terminals, regional hubs and the national rail system

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**In response to the Guiding Questions posed as part of the Independent Review of Infrastructure Australia, PoM provides the following advice.**

In specific reference to the Guiding Questions prepared by the Reviewers to assist in the consultation process, PoM's exposure to IA publications rests primarily on the Infrastructure Priority List, consequently our comments focus on guiding questions that relate to the Priority List, and infrastructure provisions more generally.

***Infrastructure Australia's (IA) role***

*Question 1 – IA's role in advising the Australian Government on nationally significant infrastructure matters including transport, energy, communications and water infrastructure.*

PoM considers that Infrastructure Australia has been an effective organisation and has successfully consolidated and improved the transparency of infrastructure project information.

The intent to have a national body that is able to advise the Australian government on nationally significant infrastructure matters should remain as a priority. Whilst PoM is not able to comment on the extent to which IA has been able to actively influence the national funding agenda, we strongly support the intent and purpose. To this end, we would also welcome greater transparency in government funding decision making that links back to the work of IA.

In our experience, IA has been well placed to provide advice and advocacy on nationally significant infrastructure, specifically relating to freight and logistics. This advice and advocacy has been made available through the publishing of the Infrastructure Priority List which provides a nation-wide list of infrastructure priorities, including cross border initiatives like road, rail and sea links. The high level mapping and advocacy that the Priority List provides can act as an influential sounding board providing opportunities for participants across jurisdictions to view the bigger picture. This is especially true of the freight and logistics supply chain, which is by its very nature multijurisdictional.

Our experience is that projects on the Priority List have progressed, however, this experience does not indicate causality. Irrespective, the Priority List provides a level of transparency and consolidation that is not afforded elsewhere and helps increase prominence of projects and makes for a convenient and respected repository of important national infrastructure projects. Additionally, the annual review and publication of the Priority List means that it remains contemporary which again supports the transparency and relevance.

The IA Priority List provides a critical consolidation of infrastructure projects and priorities across Australia and in this regard, provides industry with the only contemporary view of infrastructure projects and changing priorities. In an environment where private sector participation in infrastructure is required to compliment Government investment, this transparency of the infrastructure pipeline will be increasingly important.

The role of the Priority List and the comments highlighted above would lend itself to an infrastructure investment plan particularly where it is able to draw on the forward pipeline and integrate National and State initiatives and

priorities.. We see the need to build greater transparency in the infrastructure pipeline to create a shared vision and strategy of investment. This would enable greater private sector participation in delivering the infrastructure agenda.

### **Effectiveness**

*Question 2 - IA publishes a range of products including: the Australian Infrastructure Audit; the Australian Infrastructure Plan; the Infrastructure Priority List; Infrastructure Market Capacity reports; business case evaluation summaries; and other research reports as requested by the Government.*

As noted above, PoM supports the Priority List and the value that is derived. There are a number of ways that IA's role and the Infrastructure Priority List could be further enhanced. For example;

- The Priority List could be better timed to support the Treasurer's Budget process, should this not already be the case. Greater focus on core products like the Priority List could lead to more efficient advocacy and consultation between various levels of government and private sector, leading to collaboration on and required legislation and regulatory changes to facilitate priority infrastructure initiatives. This would clear the way to consensus on which projects are worthy of federal-state co-funding joint venture initiatives, for example, current intermodal hub discussions and interstate rail infrastructure.
- The publication of the Assessment Framework used by IA creates a high degree of transparency, it would be useful in this regard to better understand against each project how it has supported or aligned with the assessment.
- Given the significant infrastructure task and planned projects it would also be beneficial to identify linkages between the projects as well so that the opportunity to leverage greater value from individual projects can be realised.
- The mapping functionality of the Priority List is highly valued and should be continued.
- Whilst the focus on projects of national significance is important, at a more localised level the ability to identify and have access to relevant information on local projects would also be highly valued.

Whilst we have had less direct experience with other initiatives of IA, the following initiatives have been a valuable point of reference to guide PoM's own strategic planning and project assessment and delivering:

- Australian Infrastructure Plan
- Infrastructure Market Capacity reports
- Infrastructure Project Assessment Framework
- Business Case examples

*Question 3 - IA is required to review infrastructure proposals where more than \$250 million in Australian Government funding has been committed.*

PoM considers that a threshold level of investment for detailed review is appropriate and the \$250 million threshold applied is reasonable. However, further consideration should be given to including additional threshold criteria where a project may not be above \$250million or may not require \$250million in Australian Government commitment but might be considered complimentary to the infrastructure pipeline.

An example of this might be the Port Rail Shuttle Network in Victoria with complementary private sector investment and the Port Rail Transformation Project – funded by PoM - both of which are essential to delivering new infrastructure and an operating framework to enable mode shift to rail for port freight.

Recognising that there is a considerable school of thought and debate around project assessment, the value in IA is in providing a comparable assessment framework across all projects which is then published through the Priority List.

## **Governance**

*Question 4 - IA was established as an independent body, to ensure the integrity of Commonwealth investment in infrastructure.*

Recognising the intended purpose of IA, PoM strongly supports the integrity of independence in its advice to the Australian Government. Potential opportunities to improve this integrity might be considered through:

- More consistent publication of departmental business cases on which the IA assessments have been based.
- Greater transparency in pipeline projects that have been identified by Government but have not yet been investigated.
- A more quantitative assessment of each project evaluation to allow direct comparisons between projects.
- Greater transparency in funding allocations, budget commitments and project expenditures.

*Question 5 - Part of IA's role is to ensure infrastructure investment is prioritised for nationally significant projects that deliver maximum benefits for Australia.*

With the increasing challenges of a growing infrastructure pipeline and constrained resources there will be a need to have a clearer focus on prioritisation and innovative funding and delivery models. IA would be well placed to explore these opportunities and, in collaboration with Governments and the private sector identify opportunities for greater private sector participation in the infrastructure agenda.

*Question 6 - Since IA was established in 2008, most jurisdictions have established their own infrastructure body.*

With each of the State's generally having established their own respective infrastructure bodies, from an industry and infrastructure provider perspective it would be beneficial to see a greater level of integration and coordination between the respective bodies. PoM would encourage greater coordination between IA and the relevant infrastructure bodies established across the states.

Whilst recognising that the state bodies are focused naturally at a state level, it would be beneficial for State priorities to be considered in the IA assessment and reporting framework to provide an integrated and aligned perspective of where state priorities can complement and support national priorities (and vice versa).

*Question 7 - How can the IA Board be most valuable, and what experience, skills and expertise is needed?*

PoM supports a governance framework and Board structure that supports the independence and role of IA. In this regard, given the strategic nature of IA's role and the Australian Government's infrastructure program, PoM would encourage a diverse board composition that draws on infrastructure experience from a range of backgrounds (including both private sector and government), without proprietary interests or political affiliations.

Private sector participation will be required to support the Government's infrastructure program. IA's role could be enhanced through strong private sector experience to enhance the opportunities for private sector participation.

## **Other functions**

*Question 8 - As part of the Government's six-point plan for cities policy, the Government has committed to the creation of an Australian Cities and Suburbs Unit (CSU).*

The disruption caused by recent natural events and COVID has demonstrated the critical role of infrastructure and the forward infrastructure program in supporting the movement of freight and people and the health and liveability of our communities.

A focus on cities and particularly regional growth and the infrastructure requirements to support how our growing population works and lives into the future will be critical to support resilient communities and economies.

*Question 9 - IA is currently legislated to focus its work on nationally significant infrastructure, which is defined to include transport, energy, communications and water infrastructure categories.*

In support of our future resilience, there will need to an increased focus and integrated consideration of how Australia is going to meet its social infrastructure requirements and sustainability and net zero objectives.

Broadening the scope of IA to consider social and environmental infrastructure would be appropriate to ensure a fully integrated perspective of our infrastructure priorities. This broadened scope should also be applied to the assessment framework to ensure a fully integrated perspective on infrastructure proposals.

### **The future investment challenge**


*Question 11 - How effective will the current IA role and responsibilities, and business approach be to handling the national investment challenges Australia faces in the coming decades?*

As noted throughout this submission, the future investment challenge will be significant. PoM encourages the following when considering the role that IA may play:

- The future investment challenge cannot be achieved by Government investment alone – the private sector will need to play a significant role. The transparency of the infrastructure pipeline, procurement and risk allocation models should be considered to enhance the opportunity for private sector participation.
- Given the scale of the infrastructure pipeline, there will naturally be a challenge placed on resources, skills and materials. A means of refining priorities over time and being clearer on priorities is needed to ensure that the infrastructure delivered by the Australian Government remains focused on nation building and leverages both state and private sector participation to achieve multiplier benefits.
- Consistent with the above, maintaining a clear strategic vision and execution plan that integrates infrastructure priorities at the national and local levels will be critical to align the collective effort to deliver on our infrastructure objectives.
- Whilst there are a range of criteria against which infrastructure priorities can be assessed, being clear about our focus and priority assessment framework is essential. At the core is a requirement for economic prosperity that will naturally flow through to community liveability. This can only be achieved when there is focus on delivering infrastructure that enhances productivity and efficiency in existing markets and sectors and enhancing innovation opportunities in new sectors to create a sustainable economy.

PoM is committed to supporting the national and local infrastructure agenda. Our stewardship over the port freight supply chain ensures that we take a systemic view of the end to end supply chain to facilitate an efficient and productive international connection to support economic growth. We have an active infrastructure delivery program in execution and a pipeline of over \$2 billion of private infrastructure funding over the next decade that supports our commitment to providing world-class port facilities and services.

Our port infrastructure investment compliments and is supported by timely and orderly investment of local, state and cross-jurisdictional freight infrastructure projects. It is critical that the private sector, infrastructure agencies such as IA and IV, and state and federal governments work closely together to manage the pipeline of investment required for this industry.

We welcome the opportunity to enhance the role and value of IA to support the national infrastructure program and would welcome the opportunity to be further engaged in the review. Should you have any questions regarding this submission please don't hesitate to contact me 



Caryn Anderson  
Executive General Manager  
**Port Of Melbourne Operations**