

12 Foord Lane
Dromana
VIC 3936

Mr. Ralph Kenyon
CEO
Port of Hastings Corporation

Dear Mr. Kenyon,

Re: Port of Hastings Strategic Land use and Transport access Corridor Planning Study Options Display

Thank you for the opportunity to comment on the present options proposed for the Port of Hastings. The options as displayed raise a variety of issues which invite a broader analysis of environmental, social and economic issues than appears to have been undertaken to date.

I trust that considerable further work will be allocated to evaluating Westernport Bay in terms of its ecological systems, natural capital and thence its contribution to the total economic value of the region, state and indeed the globe. Otherwise, the opportunity to preserve a unique asset will be lost forever merely to respond to a short term economic trend.

Further strategic analysis of Westernport, the Port of Hastings and its environs needs to take better account of the following issues:

THE NEED FOR MORE PORTS?

The need for more ports is clearly and inextricably linked to such indicators as world oil price and availability, currency fluctuations, global trade, and the national and local effects of those global trends. I see no evidence that these indicators have been included in the planning for the proposal. It would be appalling to have determined a project's viability on present growth rates, and for those trends not to materialise. It would be even more appalling if the project caused long term or permanent damage, as well as being unviable economically.

As with the proposed channel deepening in Port Phillip Bay, it is imperative that a truly independent cost benefit analysis of a proposal for Westernport and alternatives to the project be undertaken, which takes proper account of the indicators I have listed above, as well as the full environmental and social costs of undertaking the project.

To a large extent, it seems the expansion of the Port of Hastings is being driven by the proposed expansion of the Port of Melbourne, and the underlying but poorly tested assumptions that the PoM will have reached capacity by 2030. A number of critical factors remain to be properly examined in the PoMC's case for port expansion which must be resolved before expansion plans for the Port of Hastings progress any further:

- Predicated on continued growth of trade at present rates – this is largely unqualified in the PoMC's case, and is subject to all the economic indicators listed above
- PoMC claims 30% of ships cannot fully load – the Independent Panel queried this in 2004, as no evidence was provided to support the claim. PoMC are still to provide

the evidence. Unless this can be proven there is no case for further expansion of the PoM, thence little remaining justification to plan for The Port of Hastings expansion to absorb the projected (but unjustified) growth rates

- • Proper analysis of the data provided by the PoMC reveals that by 2030 most ships arriving at the PoM will still be less than 14 metre draught. The PoMC's claim that +14 metres draught is critical seems unclear, and requires further analysis. This has obvious implications for the further development of the Port of Hastings.
- • the size of Australia and then Victoria's market within the world economy does not indicate that + 14 metre draught vessels will regularly visit Melbourne.

It is also worth considering that:

- • If suppliers are required to wait for a +14 metre draught ship to fully load for its Australian run, this will adversely impact on the supply chain.
- • As with the oil industry in the 1970's it was argued that bigger tankers were more economical. They proved not to be, as they were less responsive, only able to access a few ports in the world, and finally the oil had to be unloaded onto smaller vessels for delivery. The same could well prove true for the container industry in the forthcoming decade. Why are we so quick to believe that the container industry is right this time, when the oil industry was proved wrong on the same issue 20 years ago? If the container industry is proved wrong, we will certainly have "over-developed" Port Phillip and Westernport.

It is interesting to note that at the Independent Panel Hearing into the Port Phillip Bay Channel Deepening project, a Port of Melbourne Corporation (PoMC) Economics Expert witness admitted under cross-examination that financial benefits to individual Victorians would be "immeasurably minor". I suggest the economic analysis for any proposals for the Port of Hastings expansion should receive much more critical evaluation for its economic viability so as not to receive the same damnation.

Is it rational to create more ports? In the 1960's the Federal government supported port rationalisation, whereby loadings were restricted to fewer ports. This brought economic and environmental benefits in the form of fewer ships on the high seas and reduced freight rates.

The Port of Hastings proposal as presented will return us to the inefficiencies of times prior to the port rationalisation - a rationalisation which our economy has continued to benefit from.

ALTERNATIVE MODES OF GOODS TRANSFER

The present proposal is fixed in its notion that the only way to respond to future demand is to expand in the way that we have to date. Clearly, this is no solution, and in fact creates other environmental, economic and social problems for us to manage as a result of our ongoing expansion, including consumption of irreplaceable natural resources.

The Australian Council for Infrastructure Development (AusCID) commissioned National Economics (2002) to undertake a study on the potential for transport infrastructure to contribute to economic growth. AusCID found that the following interstate rail projects could be readily justified, given the returns from those projects were so high one could conclude these projects should already have been undertaken and completed.

- Melbourne to Brisbane inland rail link 1.8 Billion
- Melbourne to Sydney rail link 1.3 Billion
- Sydney to Brisbane 1.1 Billion

These figures contrast with the shipping industry, which receives government subsidies in order to operate

If interstate rail was properly developed, it would obviate the need for ad hoc extensions to the state's rail and road network as might occur if the Port of Hastings plan proceeds. Delivery of goods along its route, rather than concentrating all goods delivery into a Port, such as must occur when shipping is the dominant carrier is a major advantage of using interstate rail for the transport of goods. The planned acquisition of a transport corridor through the highly populated south east of Melbourne, as proposed if the Port of Hastings proceeds to completion would be at massive environmental, social and economic cost.

Instead of spending the billions of dollars required for channel deepening in Port Phillip Bay, and then developing the Port of Hastings and a massive transport corridor with which to service it, the modest sums suggested by AusCID in relation to the Melbourne Brisbane rail link should be the preferred option.

The Port of Brisbane is a deepwater port, already able to offer deeper water than the PoM would be able to offer AFTER channel deepening, and equal to what the Port of Hastings can offer. Brisbane is expanding its operations aggressively, and intends to become Australia's leading port. It is Melbourne's main competitor, and it makes sense to develop Brisbane and Darwin as the main gateway to Australia, as they are the closest to our major trading partners – Asia. Goods can make their way into Melbourne through the less densely populated north of Victoria rather than through the densely populated and sensitive coastal areas in the south of the state – which are now highly prized real estate, and should be realised as such rather than being used for outmoded industrialised port areas.

Movement of more goods by rail seems entirely logical, and does not dismiss the need for our existing ports, merely the need to avoid *further* expansion and degradation of our prized coastal areas. Goods movement is a logistics puzzle, not complex science. Some obvious solutions and opportunities are:

- • Oversized ships could offload any **excess** at an existing NATURAL deepwater port - Brisbane, Sydney, Fremantle, Darwin – all connected to the National standard gauge rail. Some goods could arrive by train – and quicker! The lightened vessel could then continue it's regular journey to Melbourne and other ports
- • Funds for Port of Hastings expansion and Port Phillip Bay channel deepening could be allocated to a joint States project (a la Murray River) further upgrading the national rail grid in a NATION building exercise – creating more sustainable jobs in regional areas as well as a solution for projected port congestion.
- • The role that Dynamic Underkeel Clearance DUKC ® could play in avoiding dredging was not properly examined in the PoMC's case for channel deepening in Port Phillip Bay, and should be examined in relation to the Port of Hastings. The renowned Drewry Report notes that most economic benefits are achieved with the first 50 cms of extra depth, which might well be achieved with the use of DUKC ® alone. It should certainly be examined as part of a suite of alternative solutions to ongoing Port expansions, dredging and destruction of coastal environments.
- • Victoria should change its marketing focus to become the **premier destination** for medium sized shipping to/from and within Australia – with high quality rail links to other regions and states. Keep using the right sized ships that fit!
- • Oversized vessels cannot fit into the Panama Canal - USA responded by triplicating/quadrupling rail tracks across the Nation – providing an efficient service - a faster cost effective alternative to shipping, especially for high value goods.

ENVIRONMENTAL ISSUES

State government recently released its consultation paper "Adapting to Climate Change – Enhancing Victoria's Capacity"^[1], and underpinning local area information booklets including "Climate Change in Port Phillip and Westernport"^[2]. This paper outlines some of the challenges facing us as a society, such as the increasing pressure on coastal infrastructure resulting from sea-level rise, greater risks of disease and death from climate change and the over arching driver – population increase.

Member for Frankston, Alistair Harkness MP kindly provided a package of information relating to this paper, and advises in his accompanying letter of 5th August 2004 that:

"The Bracks government is fighting global warming on the front foot and proactively planning to meet the challenge of climate change. You are no doubt aware how even small changes in climate have the potential to dramatically affect our local communities, situated as we are on a fragile peninsula".

The booklet, "Climate Change in Port Phillip and Westernport" provides some compelling information regarding our local region, including:

- Winds are likely to intensify in coastal regions of Victoria, particularly in winter as a result of more intense low pressure systems.
- Sea level rise of 7 to 55 cm by 2070 (0.8 to 8.0 cm per decade)

I see no evidence in the proposal to deal with these realities, which will have significant, permanent impacts on the coast line of Westernport and therefore untold environmental, social and economic consequences for Port development.

International research

There is considerable evidence that low-lying coastal areas, mudflats estuaries etc. are in fact our most economically productive environments. Deliberate changes to these ecosystems should be viewed as they really are – purposeful damage to a valuable asset – in other contexts referred to as vandalism.

The accompanying graph from Costanza et. al^[3] demonstrates the 'economic' value of our natural assets. An additional considerable value should be added for the intrinsic aesthetic values such areas also provide to humans. We can only speculate about what intrinsic value such areas might provide for other species, especially high functioning mammalian species, our relatives.

^[1] Victorian Government publication –Department of Sustainability and Environment 2004

^[2] Victorian Government publication –Department of Sustainability and Environment 2004

^[3] Costanza et. al 1997 - 'The value of the world's ecosystem services and natural capital', *Nature*, vol. 387, p. 253, and 1998 'Audacious bid to value the planet whips up a storm' *Nature* vol 395, p. 430

A previous study by Costanza and Folke^[4] provided the following clarifying figures to the above table.

Value of ecosystem services (1994 US\$ per hectare per year)

Biome (habitat)	Value (1994 US\$)
Open ocean	252
Estuaries	22,832
Seagrass/algae beds	19,002

[4] Costanza R and Folke C (1997) 'Valuing ecosystem services with efficiency, fairness and sustainability as goals.' Island Press Washington DC

Continental shelf 1,610

Temperate forests 302

Grass/rangelands 232

Tidal marshes/mangroves 9,990

Swamps and floodplains and 19,580

Lakes and rivers 8,498

Cropland 92

(Highlighted areas include the dominant environments of Westernport Bay, and you will note are the most productive in terms of contribution to the economy (natural capital). This research is now 10 years old, and it is assumed that values per hectare would be considerably higher in 2006 than estimated in 1994.)

So we see that the wider community is in fact being asked to gamble some of our most valuable natural resources for the purported benefit of a narrower sector of the community.

INTERNATIONAL TREATIES

The Port of Hastings is located within a designated RAMSAR site. Any development of the area will require state and federal approval to over-ride the protection afforded by the RAMSAR convention. International treaties, such as RAMSAR were put in place to protect the very assets which are now proposed to be destroyed if the Port of Hastings is permitted to expand into a major port. Critical habitat for birds is protected under the RAMSAR convention: mangroves, saltmarsh, seagrass etc. Costanza's research highlights how important these habitats are as a resource, and contributor to the 'global economy'.

Westernport was classified as a RAMSAR site precisely to protect its outstanding environmental values intact in perpetuity. Conventions such as RAMSAR, CAMBA and JAMBA are intended to transcend temporal governments with their often unfortunate short term plans which pay no heed to natural capital.

MANAGEMENT OF EXOTIC ORGANISMS

The transfer of exotic organisms around the world is an increasing problem, causing destruction of various habitats and billions of dollars of damage, lost revenue and amelioration costs. The rapid transfer of exotic organism is the disastrous symptom of increasing volumes of shipping – the shipping industry is entirely responsible (but acts irresponsibly) for the spread of huge volumes of exotic species, and even diseases such as cholera.

Westernport Bay is extremely fortunate to have only very few exotic organisms, due to its present low volumes of shipping. Contrast this with Port Phillip Bay where several hundred exotic organisms are present and at least 4 new invaders arrive every year due to the expanding volumes of shipping in that Bay.

To further develop the Port of Hastings is to take on the added risks and almost immeasurable costs of exotic organism invasions into a sensitive and almost entirely intact Bay. It is a risk which should not be contemplated.

SUMMARY

The purpose of this proposal is to provide the second tier of development to the Port of Melbourne, catering for a projected increase in population and consumption. Both the PoM and the Port of Hastings proposed expansion are predicated on growth rates which have not and cannot be readily justified, and for which the citizens of Victoria have not been consulted. Such intensive development, with such far reaching consequences for the lifestyles of so many, should be subject to much greater scrutiny than is proposed.

Aside from that fundamental issue of whether the project is indeed warranted at any level; if it were to proceed, its purpose is to move more imports and exports (mainly in boxes) into and out of Victoria. Each of the boxes is transferred from a ship to land transport anyway. A longer land journey, rather than more pressure on our Bay, is the obvious solution. More rail transport via routes across Victoria would benefit the interests of all Victoria, which is not overcrowded, and also the interests of Melbourne, which is overcrowded.

A "shipping-centric" approach gives a rigid inflexible, highly-centralized transport system, concentrating on expensive and highly desirable land on the edge of the Bay, whereas more emphasis on transport of Victoria's imports and exports by rail would give a much more adaptable, decentralized ingredient to our transport system. Note that ships in and out of Port Phillip/Westernport go nowhere else in Victoria, whereas rail can go wherever a railway line is or will be built - where producers and consumers are.

The Port of Melbourne currently engages in bringing goods from as far away as the Northern Territory, by rail and road, for export through the Port of Melbourne to the rest of the world. It is also of note that 51% of our trade is with Asia, and that Darwin and Fremantle ports in particular are considerably closer to Asia than is Melbourne. When questioned about why it acceptable and presumably economically viable that we could transport goods to Melbourne for export by train, a PoMC officer stated "yes it is parochial but it's the way things are done", adding that we need to continue to do so to preserve our standard of living in Victoria.

Rail is often swiftly dismissed as a reasonable alternative, but is rarely examined from a "level playing field" i.e. what would be the comparative costs of moving a container by rail versus moving it by ship if the present funds for port expansion were allocated to further improvement of our standard gauge rail system between existing natural deep water ports in Sydney, Brisbane, Fremantle and Darwin? Before deciding on the merits of this project, the public should be provided with accurate castings for an alternative to the proposal.

Victoria is only 3% of Australia's area. The centre of gravity of Australia's population is moving away from Victoria northwards at one kilometre per year. Victoria should concentrate more on

maintaining a balance between industry for Melbourne and the recreational and natural values of our surroundings, such as Westernport, and also industry and activity in the rest of Victoria. Further port expansion points to an increasingly bloated Melbourne, with the rest of Victoria frustrated by Government neglect. In relation to Westernport, we have the opportunity to change outmoded thinking, and to preserve something unique before it is destroyed.

It is time to acknowledge the true value of our natural capital and be ever thankful that we have the opportunity to live in what is presently a wonderful part of the world. We must take that opportunity and act to preserve our heritage – not offer it up for the short term gains of a small number of corporations.

An intact environment will repay us forever, a global capitalist will not.

Yours sincerely,

Len Warfe

1st March 2006

c.c. Premier Steve Bracks

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Ecosystem Services value
from Costanza et al. 1998

