

# Navigating our Port Futures

Summary of the Victorian Commercial Ports Strategy

JULY 2022



## Acknowledgement of Country

The Department of Transport proudly acknowledges Victoria's Aboriginal communities and their ongoing strength in practicing the world's oldest living culture. We acknowledge the Traditional Owners of the lands and waters on which we live and work, and pay our respect to their Elders past and present.

We acknowledge the ongoing leadership role of the Aboriginal community in addressing and preventing family violence. As First Peoples, Aboriginal Victorians are best placed to determine a culturally appropriate path to gender equality in their communities and we join with our First Peoples to eliminate family violence from all communities.

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## Introduction

This Strategy establishes a clear vision for the commercial ports sector across Victoria, and outlines key reforms and next steps required to support and navigate Victoria's ports future. This includes:

- articulating the State's economic and resilience priorities and how they intersect with port operations
- addressing the evolving nature of ports management, their functions and the need for a consistent vision across the sector
- setting out a 30 year vision for Victoria's commercial ports
- considering the key themes for port development such as trade demand, transport network capacity, channel optimisation and land use protections
- outlining specific actions to be undertaken by Government, Ports Victoria and each of the commercial ports of Portland, Geelong, Melbourne and Hastings.

A particular focus is placed on existing and emerging energy trades, including the role commercial ports will play in supporting Victoria's transition to a renewable energy mix.

*Navigating our Port Futures: The Victorian Commercial Ports Strategy* is the Victorian Government's action plan to position our ports system to grow and thrive in this new operating environment.

Delivery of this Strategy reflects the State Government's part in guiding Victoria's commercial ports system and reconfirms the role of the State Government in setting the strategic framework for the whole port sector.

The Victorian Government's 30 year vision is that:

**Our commercial ports will continue to be responsive and resilient to change, providing efficient market access to support the economic and social wellbeing of all Victorians.**

This vision is supported by four strategic objectives which will guide the State's action over the next five years. The objectives and actions will be reviewed and updated every five years over the 30 year horizon of the Strategy. They will provide industry and community stakeholders with greater clarity and certainty on the State's ports system priorities and the operating environment changes over time.

The State's objectives are for a ports system that is:

1. Responsive to market demands
2. Well planned, balancing both industry and community needs
3. Efficient, productive and resilient in a changing global environment
4. Safe, and operated with clear roles and responsibilities.





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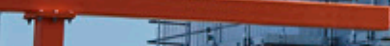
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## Development of the Strategy

Freight Victoria has prepared this Strategy after an extensive review of Victoria's ports sector conducted over several years. It actions the ports industry's desire for a state-wide vision for Victoria's commercial trading ports.

The development of this Strategy has been informed by a robust evidence base, including updated trade demand forecasts, and analysis of industry and energy sector trends that have implications for Victoria's commercial ports. Future trade volumes between Victoria's ports were assessed, as were the landside capacity and optimal transport mix for each port. The analysis was informed by direct consultation with stakeholders across Victoria's commercial ports, the shipping industry, and the energy sector.

This Strategy considers how Victoria's port system is positioned to service growth in existing trades, including the implications of particularly strong growth in container trade, and what investment, infrastructure and port planning decisions will most efficiently boost the capacity of Victoria's ports to facilitate forecast trade volumes and mix.

## Victorian Ports Reform: Journey to date

- January – June 2020**  
**Independent Review of the Victorian Ports System (the Review)**  
 40 targeted stakeholder sessions and 80+ individual stakeholder sessions
- July 2020**  
**Public release of the Review's Discussion Paper**  
  
 70 written submissions informed the final report
- February 2021**  
**Public release of initial Government Response to the Review**  

- 1 July 2021**  
**Ports Victoria established**
- August 2021**  
**Public release of *Setting Sail on Ports System Reforms*, the full Government Response to the Review (the Response)**  

- August – October 2021**  
**Scope of Victorian Commercial Ports Strategy released for comment**  
 31 submissions received
- November 2021 – March 2022**  
**Victorian Commercial Ports Strategy development**  
 Technical, industry advice gathered



## Victoria's Commercial Ports

Victoria's ports system encompasses four commercial trading ports, declared under the *Port Management Act 1995*. These are the ports of Portland, Geelong, Melbourne and Hastings.

As trading gateways to markets in Australia and overseas, the four commercial ports play a critical role in enabling economic activity in the state including the movement of around 98 per cent of Victoria's exports by volume.

The COVID-19 pandemic has highlighted the intrinsic role of commercial ports in providing effective, secure, and robust global supply chains.







The commercial ports sector contributed \$9 billion to the Victorian economy in 2021. This includes both direct activity at each port and along the port supply chain such as warehousing and storage, container parks, and related maintenance and repair services.

The commercial ports' contribution to the economy includes \$3.8 billion of industry value added and 28,000 jobs supported in the port precincts and surrounds, with another \$5.1 billion of value added and 38,700 jobs supported across the rest of Victoria.

This represents a growth of 17 per cent in value added and 21 per cent in employment over the period 2016 to 2021.

Current and emerging trades and industry trends will affect the composition and size of Victoria's future freight task, including the ongoing transition to a renewable energy mix, a shift in Victoria's domestic refining and smelting activity, and a shift in consumer behaviour that is driving high demand for freight globally.







## Key principles in setting port policy

In supporting the success of port operations in Victoria, the Government follows key principles in setting port policy.

These include:

- **Partnership approach:** The State recognises the central role of the private sector in delivering its freight policy outcomes as evidenced in the State’s commitment to stakeholder engagement throughout its port reform process and the development of a new Strategy and five yearly reviewed Action Plan to provide industry with greater investment certainty.
- **Integrated land use and transport planning:** The State’s ability to proactively apply its land use and transport planning tools to preserve future port and landside transport corridors – both road and rail – is key to ensuring the ports system can accommodate the growing demand for goods.
- **Supply chain approach to port policy:** Ports are an essential part of a larger functioning freight supply chain. The State’s primary role in international trade is providing efficient road and rail connections for import and export products to move efficiently through its ports and around Victoria. Effective port policy should take a holistic view of the entire maritime and landside freight supply chain to support informed government decision making.
- **Facilitation of data and performance transparency at ports:** Freight supply chains are complex, with multiple transactions and transport journeys between origin and destination. A lack of visibility tends to contribute to complexity and inefficiency. Government is best placed to facilitate greater information sharing between private companies to influence better practices and allow for more informed decision-making that results in better use of existing assets.
- **Continuous improvement of safety and environmental practices:** Safe port operations are the State’s responsibility and are administered by Ports Victoria, with recent reforms focusing on the importance of clear roles and accountabilities in delivering safety outcomes. The State is also committed to preserving community amenities and environmental outcomes along Victoria’s thriving coastlines and waters.



## Action Plan 2022 - 2027

To meet the Strategy's four key objectives, a set of actions will be delivered, with an implementation timeframe of up to 2 years, 3 - 5 years or ongoing.

### Responsive to market demands

The State Government has a key role supporting the ports system to accommodate Victoria's rapidly growing freight task. The huge capital cost of port infrastructure and limited amount of suitable locations highlights the need for Government to provide strategic direction, planning and investment support to maximise value and productivity of Victoria's four commercial ports.

Over the next five years the State Government will focus on several key policy positions to meet projected trade growth, support emerging industries, and respond to the challenges of growth by optimising existing port and transport infrastructure capacity. Policy will focus on:

- **Supporting capacity growth at the Port of Melbourne:** While the Port of Melbourne is privately operated, the State has a role in working with the private operator to support its planning processes to accommodate projected container growth. The Victorian Government is also responsible for delivering potential road and rail upgrades which ensure that the State's transport system is capable of meeting projected freight capacity growth.
- **Port of Hastings multi-use facility:** There is opportunity to further investigate how to develop the Old Tyabb Reclamation Area (OTRA) to support emerging bulk and break-bulk trade diversification.
- **Station Pier and the future of Victoria's cruise shipping:** Government will lead further work to determine the most suitable option for continuing cruise shipping at Station Pier. This must balance local precinct and visitor

experience outcomes with the complexity and cost of maintaining the aged heritage pier. The work will be complemented by a statewide cruise shipping strategy developed with stakeholders to maximise the economic and social benefits of cruise shipping services across regional Victoria and metropolitan Melbourne.

- **Geelong channel optimisation:** Recent assessments indicate that while deepening Geelong channels is physically possible, it is not currently economically viable for the State to dredge the channels. The Victorian Government will consider private sector proposals to deepen the channels and Ports Victoria will investigate and implement local investment opportunities to maximise the Geelong channel capacity.



## Well planned, balancing both industry and community needs

As gateways to international markets, ports are focal points for transport and land use planning. Ports need both protection for urban growth and active management of amenity impacts to local communities.

Over the next five years the Victorian Government will focus on setting the appropriate planning frameworks to protect ports and their transport corridors from sensitive-use encroachment while managing potential urban amenity impacts. This focus reflects the key role of the planning system in appropriately balancing the economic needs of the State with liveability and community aspirations. Key actions include:

- **Enhancing Statutory Planning arrangements at our commercial ports:** The State will enhance existing port-related provisions in the Victorian Planning Scheme to provide greater clarity on the appropriate level of development within the port environs and introduce further planning mechanisms such as referrals to protect ports and communities from land use conflicts.
- **Preparing commercial port landside access plans:** The State retains responsibility for planning and managing land use transport access around Victoria's four commercial ports. We will work with port managers and stakeholders to prepare landside transport access plans for each commercial port. The plans will be updated as the ports develop.
- **Delivering the next Port Development Strategies (PDSs):** PDSs are a significant part of the State's planning and port development framework. The Minister for Ports and Freight will publish updated PDS Ministerial Guidelines to support the preparation of PDSs by port managers.
- **Planning protections for Bay West:** Land use and transport planning protections must be progressed to preserve Bay West as a viable future location for Victoria's second container port. Government will formulate and implement a roadmap to deliver planning protections to secure necessary land and protect Bay West as a future container port.

## Efficient, productive and resilient in a changing global environment

Today's heightened risk of economic disruption places impetus on the State Government to set the policy direction needed to govern a ports system that is adaptable and resilient to changing market dynamics. At the same time, the rising global costs of doing business places greater emphasis on 'doing more with less' and driving more efficient and productive commercial ports.

Over the next five years the State Government will develop key policy tools to support an efficient and effective ports system. Key actions include:

- **Embedding Ports Victoria's advisory role:** Ports Victoria, via its expanded charter, will become the State's principal advisor on commercial ports matters. It will lead performance monitoring and industry engagement, and provide advice relating to sector planning and resilience.
- **Expanding the Voluntary Port Performance Model (VPPM):** The Department of Transport will expand the VPPM. This will include the development of a port supply chain guide, a Voluntary Industry Code of Practice, and the expansion of the existing Voluntary Performance Monitoring Framework indicators. The Department of Transport will also investigate the value of a Ports Community System to support Government and industry to predict more effectively – and respond to – congestion and vulnerability in the sea freight supply chain.
- **Supporting Victoria's transition to net zero emissions:** The Victorian Government is committed to transitioning the transport sector to net zero emissions by 2050. It will look at opportunities to use commercial ports as a catalyst for transitioning industry to using reduced emissions trucks.
- **Enabling an appropriately qualified and skilled workforce:** Ports Victoria and the Department of Transport will work with the Victorian Skills Authority to develop a cross-government action plan to meet workforce and skills shortages in the maritime sector.





## Safe and operated with clear roles and responsibilities

Safe port system operations are a vital function of the State. Ports Victoria's new charter provides the necessary governance arrangements to ensure clear and consistent safety accountabilities across the Victorian ports system. The new charter outlines Ports Victoria's role as the State's leading ports advisory organisation, providing oversight of critical safety functions such as maritime navigation, licensing of pilotage and towage services and operational support for local port managers.

Over the next five years, the State will focus on implementing the following key actions:

- **Codifying the Safety and Environment Management Plans (SEMP) process:** A marine safety code will be added to the SEMP preparation and review process to provide an industry-wide marine safety standard for all State waters and a scalable approach to marine safety risk management.

- **Engaging on pilotage and towage:** The Victorian Government will conduct stakeholder engagement to establish a non-exclusive license scheme for towage and pilotage services at commercial ports. Standards will be set by Ports Victoria and implemented from 2023.
- **Reforming MSA waterways to improve marine asset planning and maintenance outcomes:** We will consolidate local ports and MSA waterways functions as specified under the *Marine Safety Act 2010* across the public service to provide a more consistent approach to local ports and waterways matters.

**The Strategy reconfirms the role of the State Government in setting the strategic framework for the whole port sector.**

