PORT PHILLIP CHANNEL DEEPENING PROJECT

Division Sustainability

Presenter Geoff Lawler, Director Sustainability

Purpose

1. To advise the Committee of the release of the Supplementary Environment Effects Statement on the Channel Deepening Project and to recommend support for the project.

Recommendation from Management

2. That the Planning Committee:

2.1. endorse the making of a submission to the Supplementary Environment Effects Statement on the Channel Deepening Project that:

2.1.1. supports proceeding with the Channel Deepening Project in order to retain the competitive advantage of the Port of Melbourne;

2.1.2. reiterates the City of Melbourne’s submission (November 2006) on the Melbourne Port@L Strategy Consultation Draft and the Port Development Plan Consultation Draft to emphasise that the maritime development of the Port must be integrated with and accompanied by development of land-based transport infrastructure that minimises impacts on surrounding communities and ensures efficient movement of freight in and out of the Port; and

2.2. advise the Victorian Government of the submission.

Key Issues

3. The objective of the Channel Deepening Project is to enable access for 14m draught vessels to the Port of Melbourne in all tidal conditions. This will require deepening (to a variety of depths) in: the Port Melbourne Channel from Appleton Dock in the Yarra River to a point off-shore from Sandringham and; the South Channel from a point off-shore of Dromana to Port Phillip Heads. Dredged materials will be re-deposited within the Bay at designated material grounds and to cover contaminated sediments. Dredged sands will be used to cover rock dredged from the entrance to prevent the spread of marine pests. The Project will be implemented by the Port of Melbourne Corporation and is estimated to cost $590M plus preliminary and planning costs and Commonwealth excises (total $763M).

4. If approved, dredging will commence in January 2008 and take 16 months.
5. Currently access to the Port of Melbourne is limited to vessels with a maximum draught of 11.6m or 12.1m at high tide. In 2004/05, the Port had 3411 commercial vessel visits. The Port of Melbourne Corporation estimates that 25 per cent of ships are affected by draught restrictions, meaning they are not able to be filled to their capacity. Some larger ships cannot enter at all. The Ports of Brisbane, Adelaide and Sydney all have an approach depth of 14m or greater.

6. The Channels have previously been deepened in 1902, 1913, 1915, 1924 and 1986 and, since 1929, dredged material has been placed in designated material grounds in the Bay.

7. On 3 May 2005, Council’s Planning and Environment Committee was advised that a Supplementary Environment Effects Statement was required to justify the proposed Port Phillip Channel Deepening Project. The Committee resolved to:

   “note the main issues identified by the independent Panel of Inquiry appointed by the Minister for Planning to consider the Port Phillip Channel Deepening Environmental Effects Statement;

   form the view that the Port of Melbourne must retain its competitive advantage; and

   endorse Council’s continued participation in the consultation processes associated with the extended Environmental Effects Statement Process.”

8. The Supplementary Environment Effects Statement (SEES) prepared by the Port of Melbourne incorporates information from the original EES and has been placed on public exhibition until 7 May 2007. The Minister for Planning has appointed a panel (known as an Inquiry) under the Environment Effects Act 1978 to consider submissions and conduct public hearings in June 2007. The panel will report to the Minister for Planning who will then make his assessment of the SEES. This process will also enable relevant Commonwealth Government approvals under national environmental protection legislation.

9. The Victorian Government also recently released a separate report by PricewaterhouseCoopers (PWC), entitled “Economic Analyses of the Port of Melbourne” (March 2007). This report is helpful as an adjunct to the SEES because it addresses the competitive advantage of the Port and independently evaluates the economic impact of the Channel Deepening Project. This report states that:

   9.1. in 2004/5 activity at the Port of Melbourne handled $75 billion of trade, generated a total economic impact of $2.5 billion in output ($102.3 million in the City of Melbourne), directly supported 7,563 jobs (309 in the City of Melbourne), indirectly supported a further 6,185 jobs (253 in the City of Melbourne) and delivered a value-add to Australia of $1.1 billion;

   9.2. the Port of Melbourne is Australia’s largest container port (38 per cent of the nation’s container trade) and the key international port of Tasmania and;

   9.3. the Channel Deepening Project will generate a net benefit of $2.2 billion over the period 2005-2035 ($69.5 million in the City of Melbourne), including savings in shipping costs of $43 million per annum rising to $582 million per annum in 2035 (note: the SEES cites a lower figure of $450 million per annum in 2035).

10. The SEES (1387 pages plus 9952 pages of technical appendices) addresses many environmental issues and concludes that all are either manageable, limited in scope or will have short-term adverse impacts of not more than two years. It is not within the administration’s competency to independently advise the Committee as to the scientific standing of the SEES. However it can be said that the range of matters covered, the range of reputable consultants, the scale and diversity of technical reporting and the fact that trial dredging has been undertaken should give the Committee confidence that this work is rigorous.
11. A small permanent change will be to the high and low tide levels of the Bay with the biggest variation at Point Wilson of 15mm lower at low tide and 8mm higher at high tide. The SEES also notes that the rate of recovery of sea-grasses affected by turbidity from dredging is uncertain although only 5 per cent of the Bay’s sea-grasses will be affected. An important issue is the extent to which the dredging will adversely release nutrients that are captured in the Bay and river sediments into the Bay waters. The risk being that overloading the nutrient levels will cause algal blooms. The SEES states that the sediments have been tested and that most of the nutrients trapped in them is inert and it is expected that 300 tonnes of nitrogen will be released from dredging, which is well within the normal annual variation of nitrogen loading of the Bay (6,000 to 9,500 tonnes of nitrogen enters the Bay, 24 per cent of it from the Yarra River).

12. There will also be some short-term economic impacts on certain businesses that use the southern parts of the Bay. A temporary reduction in commercial fishing species in the Bay is expected as a consequence of the dredging but stocks are expected to recover within two years. Also commercial diving activities will be limited in the vicinity of dredging, although the dredging schedule will be managed to allow access in summer holiday periods. The SEES states that industries that use water from the Yarra will not be significantly affected.

13. It is recommended that, on the evidence provided, the City of Melbourne will benefit from the Channel Deepening Project but with one proviso. That is that the growth in capacity of the maritime side of the Port must be accompanied with parallel investment into land-based transport infrastructure that minimises impacts on surrounding communities and ensures efficient movement of freight in and out of the Port. There are equivalent planning studies underway for the “land-side” of the Port and these were considered by the Committee late last year. Attachment 1 is the City of Melbourne’s submission (November 2006) on the Melbourne Port@L Strategy Consultation Draft and the Port Development Plan Consultation Draft. The points made in that submission should be reiterated in submissions to the SEES, even though they may be outside its terms of reference.

Time Frame


Relation to Council Policy

15. City Plan 2010 and the Melbourne Planning Scheme Municipal Strategic Statement both support the continuing 24 hour function of the Port of Melbourne, the Dynon Freight Terminal and associated logistics industries.

Consultation

16. No consultation outside of the City of Melbourne has been possible in the production of this report although it is publicly known to be opposed by the Blue Wedges Coalition (52 organisations) and supported by other bodies such as the Australian Industry Group, Master Builders Assoc of Victoria, Victorian Farmers Federation, the Victorian Employers Chamber of Commerce and Industry and the Victorian Freight and Logistics Council.
Government Relations

17. The Channel Deepening Project will require Victorian Government approval.

Finance

18. There are no direct financial issues associated with this report. Long-term economic effects on the City of Melbourne (with consequent although undefinable impacts upon Council’s finances) are addressed in the report.

Legal

19. *The Environmental Effects Act 1978* provides that the Minister may appoint one or more persons to hold an enquiry into the environmental effects of any works or proposed works to which this Act applies.

Sustainability

20. Sustainability issues are addressed in the body of the report.
Submission by the City of Melbourne on the Melbourne Port@L Strategy Consultation Draft and the Port Development Plan Consultation Draft

November 2006
Introduction

The City of Melbourne recognises the significance of the Port of Melbourne to the Victorian and national economy and supports its growth and continued 24 hour operation. Council also supports the development of new and more efficient rail transport infrastructure that balances the competitive advantage of roads and ensures the continued growth of the Port, including the Port Rail Link and the development of rail terminals in outer suburbs.

However, the intensification of Port use and associated freight movement needs to be sensitively managed so that the amenity of surrounding communities is not eroded and the ability of other visitors to access the City is not impeded. Consequently, the City of Melbourne highlights the following issues in response to the two documents:

Disclosure of Submissions

It is seen as critical that the consultation process be transparent and that the nature and number of submissions on both Strategies be publicly disclosed prior to adoption of the documents.

Webb Dock Rail Link Impacts

Council supports the proposed reactivation of the Webb Dock rail line as part of Webb Dock’s development as an international container terminal. However, any associated river crossing must be sympathetic to the Docklands’ residential and commercial amenity and minimise any impacts on watercraft moving to and from Victoria Harbour. Reasonable leisure craft access through the Port commercial zones should also be assured. It is critical that the proposals for a river crossing in association with this proposal go through a process of public scrutiny and that the associated Environmental Report which assesses options undergo a process of community consultation.

Further, the noise and access impacts of the rail line on Fishermans Bend business need to be clarified. In conjunction with the release of the Environmental Report, further information about daily train trip numbers, train lengths, train speeds, the hours of operation and impact mitigation measures must be worked through with the business community.

It is noted that the City of Melbourne will be making a comprehensive submission to the Department of Infrastructure on the proposal when the Environmental Report and other technical reports are made public.

Reviewing Trade Forecasts

Both documents are underpinned by trade forecasts that estimate a significant increase in port freight through to 2035. It is critical that these forecasts be reviewed every two years and that the results of this review and their implications for local and State infrastructure be made public.
Critical Investment in Integrated Transport Infrastructure

The ability to accommodate these trade increases without significantly impacting on residents and business, as well as the surrounding road network through congestion and emissions is of great concern. Significant improvements to rail and road infrastructure and management are needed and the State Government should also increase its investment in mass public transport to minimise the impacts of commuter and other traffic on freight movement. The City of Melbourne notes that the Port@L Strategy defers any detailed discussion of broader truck traffic congestion, traffic impacts and amenity impacts to the East-West Links Assessment (Eddington Inquiry), announced in the State Government’s Meeting out Transport Challenges statement. Council supports the proposition of an East-West freight link in association with public transport improvements, which would result in a reduction in surface traffic through the region. Council will be an active participant in the Eddington Inquiry.

Improvements to the road network within the port boundary (especially within Swanson and Appleton Docks) will increase freight capacity and potentially reduce movements on adjoining roads. These changes are supported and the addition of Sims Street to the Declared Road Network is suggested to provide another option for larger vehicles travelling between Dynon and Footscray Roads.

It is important that roads such as Kensington Road, Macaulay Road, Dryburgh Street and Wurundjeri Way do not suffer from increasing freight traffic, or commuters ‘rat-running’ to avoid freight congestion on City Link or around the Port. Council’s Melbourne Transport Strategy: Moving People and Freight advocates dynamic tolling on City Link to encourage off-peak and freight use and the State Government and the Port of Melbourne Corporation should work with Council to develop traffic management plans to more actively discourage freight movement from local roads.

Council also supports the development of inland intermodal terminals and expanded operation of shuttle trains linking them. This has the potential to displace some road freight to rail. However, Council suggests that the Strategy provide more detail about the location and development timelines for these terminals, and that an absolute pre-requisite for their establishment is excellent access to the rail network. Council suggests that the Port@L Strategy and Port Development Plan could also include strategies around active engagement with the Auslink program and other relevant Commonwealth funding programmes to assist rollout and funding of nationally significant projects and upgrades.

Movement of Hazardous Goods

Further investigation should take place to reduce the numbers of trucks hauling hazardous goods on the surface road network to bypass the Domain and Burnley tunnels of Citylink. Alternative transport options should be explored to reduce or better manage this traffic, including potentially shifting some of it to rail freight. Any new east-west link servicing the northern part of the Port@L should be designed, if possible, to accommodate loads, removing them from surface roads and residential areas.
New Measures to Encourage Take-up of Rail

Given the growth in trade that is forecasted, the target of moving 30% of all port freight (excluding liquid bulk) by rail should be treated as a minimum level for rail mode share rather than a maximum.

Council reiterates the submission of the Western Transport Alliance, which emphasized that initiatives need to be developed which will transform the 30% rail mode share policy from a target to a reality. As an example, additional stevedoring charges relating to the handling of rail containers transported by rail must be offset by other advantages and projects to increase the capacity and reliability of rail links to the port should be prioritised.

Certainty over Council Land

Land owned or controlled by Council in the Port@L precinct is shown on the attached plan and the City of Melbourne seeks more certainty about the future of these sites. If these sites are to be acquired, Council must be appropriately remunerated.

With the relocation of the Melbourne Wholesale Markets, the Melbourne Fish Market will be the only non-port and non-transport related site north of Footscray Road in the precinct. The Port@L Strategy makes no specific recommendations about the Fish Market site, although it is noted on the Port@L map as being included in the Rail/Transport precinct.

Council also owns the Dynon Road Waste Transfer Station, which is subject to a long-term lease to Citywide to operate and manage its day-to-day operations. If the current area is deemed to be necessary for Port operations, a similar sized facility, with good access to the principal road network and OD routes, in a comparable inner city location must be identified and provided by the State Government. If the transfer station is to remain at its current location, ongoing access to it must be guaranteed.

Finally, Council is responsible for the Dynon Road Tidal Canal (which runs parallel to Dynon Road) and associated Wildlife Reserve (adjacent to the Waste Transfer Station). In the context of Port@L’s aim to integrate Port freight activities and associated infrastructure, ownership of the canal should be resolved and its constraints on transport operations addressed. Due to the nature of the catchment, Council is of the belief that the Tidal Canal should be the responsibility of Melbourne Water. The Port@L Strategy provides an opportunity for the Tidal Canal to be upgraded, and responsibility transferred to Melbourne Water. Council has prepared a design for upgrading the Tidal Canal to meet its drainage purpose, whilst improving its environmental performance.

Buffering & Environmental Management

Some residential areas in Kensington, North Melbourne and West Melbourne already encounter noise disturbance from port uses and associated freight movement; this would be exacerbated in future with intensification of Port use. The Docklands community may also experience greater impacts from this intensification, particularly when the Webb Dock Rail link is re-activated.

Council acknowledges the work on buffering commenced by the State Government and the Port of Melbourne Corporation through the Port Environs Plan development process. This process seeks to develop strategies and policies to ensure interface management between the Port and
surrounding land uses. However, this work appears to be focused on the town planning framework and appears only geared to new development. Council has consistently stressed to the State Government that there is also a need to consider existing communities which may experience greater impacts from intensification of Port use; that other management solutions, such as traffic management plans and acoustic attenuation of any existing dwellings likely to suffer the impacts of a five-fold increase in freight movement, also need to be pursued.

Council seeks a commitment from the State Government and the Port of Melbourne Corporation to comprehensively address impact mitigation beyond town planning controls. There should be a commitment to recognise and fund appropriate compensatory environmental measures that provide buffering to nearby sensitive land uses. These measures must be developed in consultation with Council and the affected local communities.

The State Government and Port of Melbourne Corporation should also consider the application of tighter environmental management controls both on new development and intensification of existing development within the Port. The Port Development Plan fails to address opportunities to improve the environmental performance of its development and operations, and there could be a further commitment to the reduction and sustainable treatment of stormwater runoff, improving energy efficiency, managing acoustic impacts on adjacent uses and managing waste in tandem with Port intensification. It is noted that these opportunities have not been comprehensively addressed in the Port of Melbourne new format Planning Scheme.
FINANCE ATTACHMENT

PORT PHILLIP CHANNEL DEEPENING PROJECT

There are no direct financial implications for Council arising from the recommendations contained in this report.

Joe Groher
Manager Financial Services
The proposal to deepen the shipping channels in Port Phillip Bay requires approval under both the 
Environmental Effects Act 1978 (Vic) and the Environmental Protection and Biodiversity Conservation Act 1999 (Cth).

Section 9 (1) of the Environmental Effects Act 1978 (“the Act”) provides that the Minister may, with the approval of the Governor in Council, appoint one or more persons to hold an enquiry (whether in public or in private as he sees fit) into the environmental effects of any works or proposed works to which this Act applies.

Section 7 of the City of Melbourne Act 2001 sets out certain objectives of the Council including –

(d) to work in conjunction with the Government of the State on projects which that Government or the Council determines are significant to Melbourne.”

The recommendations of this report are within the objectives and functions of Council.

Kim Wood
Manager Legal Services