

INDEPENDENT REVIEW OF THE VICTORIAN PORTS SYSTEM

TERMS OF REFERENCE

Purpose

Conduct a high-level review of the Victorian Ports System to support the development of a strategic policy and governance framework to guide the long-term development of the sector and to identify specific reforms to improve system efficiency and effectiveness in the short to medium term.

Background

Port assets in Victoria are managed through a mixture of private and public sector entities. There are four commercial ports along the coast - at Hastings, Melbourne, Geelong and Portland - which handle a range of containerised, bulk and break-bulk trades.

Following the Port of Melbourne Lease Transaction in 2016 only the Port of Hastings and Station Pier remain as directly state-managed landside port asset. The landside facilities of the Ports of Geelong and Portland were privatised in the 1990s. Channel infrastructure at all four Victorian ports remains in state ownership with port waters in the Ports of Melbourne, Hastings and Geelong managed directly by a state-owned entity, whilst the private Port of Portland manages its own port waters under an agreement with the State.

In addition to the four commercial trading ports, there are 14 local ports along Victoria's coast which are managed by 8 different local port managers. These ports include a range of different facilities which accommodate some minor commercial and recreational assets.

Since the conclusion of the Port of Melbourne Lease Transaction a range of policy and planning issues have emerged to which Freight Victoria has responded through a number of targeted policy review projects.

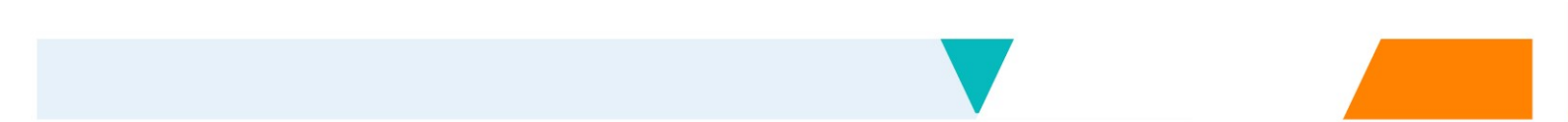
The specific policy matters that have been examined included:

- Governance arrangements for state-owned port entities
- Regulation of key port services (pilotage and towage)
- Pricing and access arrangements at the Port of Melbourne
- Development of coastal shipping

The work to date has highlighted the more general need for a consistent overarching strategic policy and governance framework for the Victorian ports sector to ensure that the outcomes of these more targeted review projects can be properly contextualised and aligned.

Whilst a range of port related matters were outlined in the Victorian Freight Plan released in July 2018, the Plan did not propose any substantive changes to strategic direction or governance settings for Victorian ports. The legislative settings for both local and commercial ports have not been substantially reviewed since the Russell Review completed in 2002.

The Freight Plan did, however, commit to the preparation of a comprehensive strategy into Victorian Ports in the short term (Priority 4 - Plan for Victoria's future port capacity) which



will include a long-term plan for handling future exports and imports across Victoria's current (and future) commercial ports.

In order to provide a strategic context for the development of the Ports Strategy and to enable integration of the outputs of the various pieces of work now underway into one consistent narrative, it is now proposed to undertake an Independent Review of the Victorian Ports System. The Review will assess the functioning and performance of the system and consider the policy and governance directions necessary to ensure it is best equipped to meet the State's trade requirements effectively, efficiently and sustainably into the future.

Following completion of the Independent Review there will be a report back to the Economic Policy Committee detailing the outcomes and recommendations of completed work and proposing next steps in the development of a Government response, both through the proposed strategy into Victorian Ports and other relevant policy reform initiatives.

Objectives

1. To consult with key port stakeholders, including port users (importers, exporters, freight forwarders), port service providers (including transport), port owners/operators, port regulators and port-impacted communities, to assist in assessing the current functioning and performance of the Victorian Ports System
2. To incorporate the findings of a number of specific policy reviews (e.g. governance and pricing reviews) into the above assessment
3. Based on the above, to identify current strengths and weaknesses of the ports system and key emerging issues and challenges and to assess the efficacy of possible future policy and strategy directions and settings
4. To develop and consult on a strategic vision, goals and objectives for the ports system to inform the development of the strategy into Victorian Ports and the broader port policy reform agenda and to clarify the appropriate role for government and other key stakeholders in achieving these outcomes
5. In this context, to make specific recommendations regarding improvements to, or reform of, the ports system in the short to medium term to ensure it is able to operate efficiently and effectively in the interests of all Victorians into the future

Approach

An Independent Reviewer will be appointed to coordinate and oversight the review process, including a program of consultation with key port stakeholders. The work of the Independent Reviewer will be resourced and supported by Freight Victoria within the Department of Transport.

Timelines

The review process will run for approximately six (6) months, with formal stakeholder consultation commencing from February 2020. The Independent Reviewer will provide a report on the review process and findings to the Government by mid-2020.