

██████████ **Submissions to the Port of Melbourne
Rebalancing Application – Qube Holdings Limited**



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By email: ██████████

Dear ██████████,

I refer to the Port of Melbourne's (**PoM**) Rebalancing Application dated 23 December 2020, in particular the proposal to remove the Webb Dock knuckle. It is my understanding that, to be approved, the Rebalancing Application must demonstrate that the proposed investment is prudent and efficient.

Given the unique physical characteristics of the Webb Dock precinct, an increase in the capacity of the VICT container terminal ahead of market demand will result in a movement of container volumes away from Swanson Dock, thus creating further surplus capacity in the port.

Qube is also concerned that that this proposal will undermine the rail modal shift objectives of the recently announced \$125m Port Rail Transformation Project (**PRTP**) and the \$58m Port Rail Shuttle Project.

The proposal will also impact the efficient use of rail capacity across the Swanson Dock precinct where Qube has a lease.

Rail Servicing Swanson Dock Precinct

PoM announced the \$125 million PRTP on 1 June 2020. The PRTP is focused on enabling rail modal shift, principally within the Swanson Dock precinct and in the future, the adjacent Dynon precinct.

As part of the PRTP, PoM and Qube have agreed that Qube will operate rail at Victoria Dock (within the Swanson Dock precinct) to ██████████. These arrangements are a key part of Qube's commitment to supporting the success of port rail, with the aim to improve access for the movement of freight on rail into and out of the Port of Melbourne.

Requirement for a PoM Rail Strategy

As part of PoM's acquisition of the Port of Melbourne, PoM was required to have a rail strategy in place by 2019. This requirement supports the Victorian Government's wider

policy aims of driving efficiencies in the supply chain as a whole and increasing the proportion of port-related freight carried on rail.

The PRTP is the cornerstone project for PoM delivering on its obligation to develop and implement a rail strategy. Through their commitments to the PRTP, landside operators including Qube have aligned themselves to this strategy.

Impact on Objectives of the PRTP

The stated objectives of the PRTP are:

- increasing rail mode share;
- getting trucks off local roads, particularly in the inner-west of Melbourne;
- reducing last mile rail costs (particularly for exports);
- providing efficient port rail terminal for linking with intermodal terminal port rail shuttles.

The proposal to increase container terminal capacity at Webb Dock ahead of demand will impact the above objectives and the efficiency of rail operations (which requires significant scale) servicing Swanson Dock, i.e. It undermines the Victorian Government's policy of driving rail modal shift.

The last mile truck leg for additional volumes to an expanded Webb Dock adds further costs to the supply chain and competitiveness of our industries (particularly exporters). It also undermines the viability of the metro rail shuttle proposal in which the Victorian and Australian Governments have recently invested a combined \$58 million.

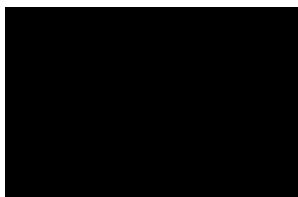
A movement of container volumes to Webb Dock in the short term would also mean more road congestion on the Westgate Bridge and other key arterial roads of Melbourne's inner west.

PoM's Port Development Strategy states that Webb Dock will not be rail enabled until 2030 at the earliest. Whilst there is an indicative strategy to establish rail at Webb Dock to support the future Webb Dock North container terminal proposal by around 2030, the feasibility of this proposal is still in question.

In summary, from an overall market perspective, Qube is concerned that bringing forward (by some 10 years) additional capacity into the Melbourne stevedoring terminals market will add additional unnecessary supply chain costs for importers and exporters through the Port of Melbourne.

For the reasons outlined in this letter, Qube does not consider that the Rebalancing Application meets the requirements for approval by the ESC.

Yours sincerely,



Managing Director