



Australian Government
Infrastructure Australia

CHECK AGAINST DELIVERY

**CEDA Transport Series 2
Australia to the world: growing national port
infrastructure
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Infrastructure Australia commenced its work four years ago in 2008.

Chaired by Sir Rod Eddington, the Council has six senior private sector members and six senior public sector members.

In its national audit our internationally competitive gateways, our ports, were identified as a top priority for scrutiny and action.



In 2010 Prime Minister Gillard launched Australia's first national ports strategy – ports as economic strategists. Infrastructure for an economically, socially, and environmentally sustainable future.

That strategy identified four key actions:

1. Develop a 50 year plan for each port:

- channels, quay, road, rail connections
- national interests e.g. defence, environment
- key performance indicators
- international best in class approach.

2. Focus on execution, and report.

3. Improving landslide efficiency, reliability, security and safety

- Market based mechanisms

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- Economic performance across supply chain – cost focus
 - Interoperability between ports
 - Best in class approach.

4. Clarity, transparency and accountabilities:

- operate as if privately owned
- customer focus.

So what has happened?

The Commonwealth is about to release its update on the national land freight strategy.

NSW has announced its intention to release Botany and Kembla to the market.

Queensland has done this with Brisbane.



South Australia has already done this with Port of Adelaide.

In Western Australia Minister Buswell has released a state port strategy primarily around changed governance of regional ports. He has also insisted on the quarterly performance on financial performance of the ports.

In Victoria the Minister has outlined his view of the Port of Melbourne, Hastings etc.

Tasmania – a report on the lack of coordination between ports, road and rail has been released, critical of existing subsidies with recommendations to resolve a long running problem.

Darwin has, I think, prepared a five year plan. Its return on assets is reported as 0.03%.



In the ACT, Port Burley Griffin is going well.

UNESCO recently savaged our country over the development of ports near the Great Barrier Reef. This strategic issue can be handled under the national ports strategy.

My office is currently reviewing ports balance sheet capacity to determine their capacity to fund their own improvements.

This conference is focussed on growth yet the ability of government owned ports to attract commercial resources for investment, is a major issue.

Our work benchmarks eight major Australian ports against a series of other Australian and international ports and port operators.



Our current findings:

The current 10 year Australian Government bond rate is about 3.89%.

None of the eight ports is generating a return on assets equivalent to the risk free rate.

For example Melbourne:

Return on assets 1.7%

Return on equity 2.6%

Below what you would expect from a commercial organisation.

I am sure the new Chairman, Mr Mark Birrell will bring a focus on better commercial use of existing assets.



The results across these ports appear worse than the Productivity Commission reports of the mid 2000's.

While there are few long term plans there are plenty of engineering based expansion plans, not integrated, not subject to cost benefit analysis and not privately funded.

The transparency to taxpayers of the wisdom of these expansion plans is not available.

Where is the opportunity for our superannuation funds?

Where is the accountability of the ports and their customers and their owners?

Of course the ports and their peak body try diversion.



The problem is the wharfies, they say.

With respect could I suggest that those exploring the splinters in the eyes of others, examine the logs in their own first.

Our ports demand drive, leadership and focus on performance.

Thank you