



Port of Portland

Presentation to the Rail Freight Conference

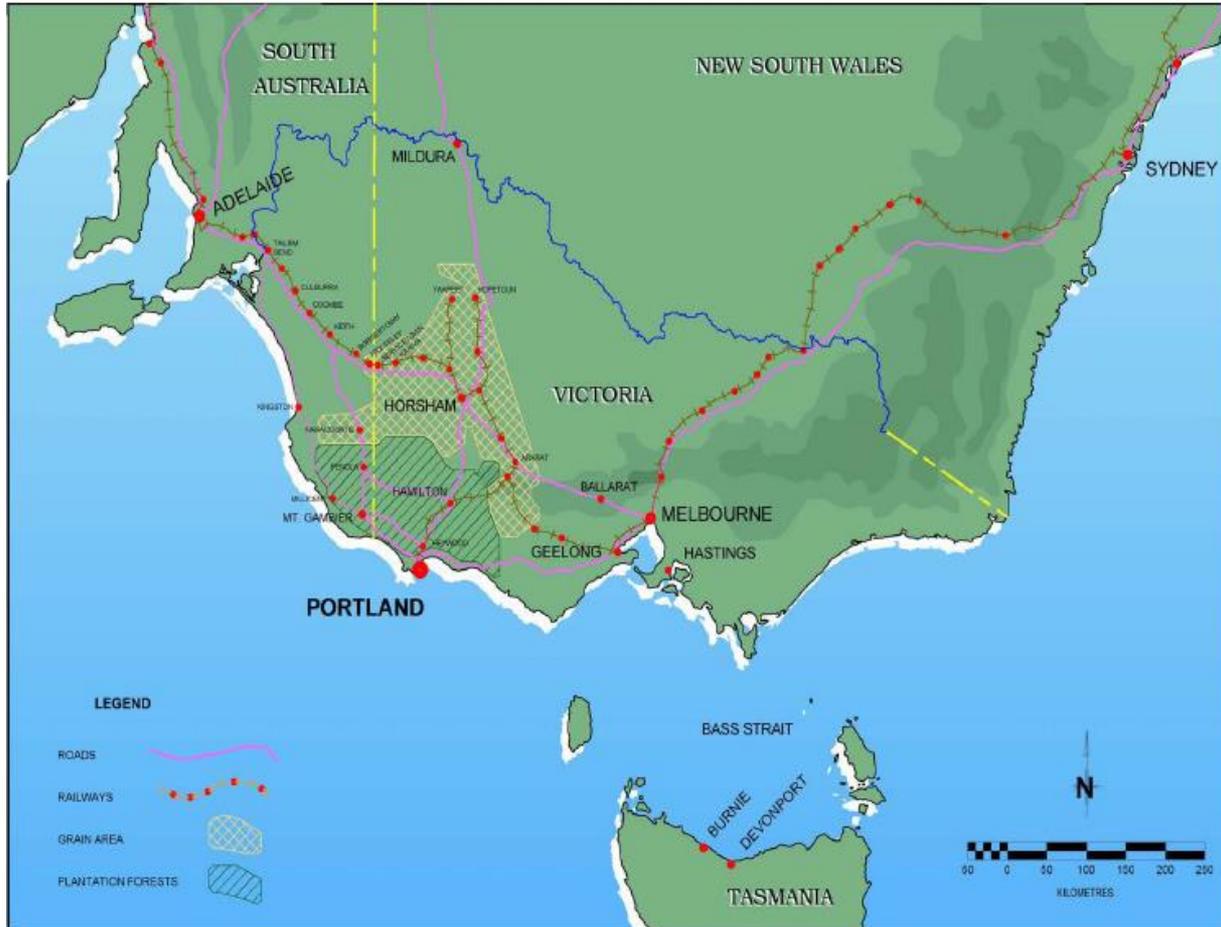
Challenges and Opportunities Today

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Grand Hyatt Melbourne

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Port of Portland Overview



Port of Portland Berths



320 ships per year up to Panamax size loading up to 55,000 tonnes of cargo each (2,000 truck loads or 23 trains per ship)



- 1 of Victoria's 4 Ports
- 6.22m tonnes cargo FY14
- \$2.5bn of trade
- 80 staff, 400 on port

- Forestry
- Mineral Sands
- Aluminium
- Grain

- One of Victoria's four major commercial ports
- A bulk cargo port, not a container port
- In FY14 (year end 30 June) 6.22 million tonnes of cargo, with a market value of AUD \$2.5 billion
- 80 port employees but on port on any day there are approximately 400 people working
- Bulk cargoes:
 - woodchips; logs
 - mineral sands
 - alumina and aluminium ingots
 - grain

Port of Portland Railyard



Port of Portland Railyard



9 rail sidings in the Port's railyard which is on freehold land

Recent grain exports from Port of Portland:

	Total Grain ('000 tonnes)	By Rail ('000 tonnes)	%
FY12	950	323	34
FY13	930	242	26
FY14	680	136	20

Why Port of Portland likes rail?

- Unloads twice as fast
- Less impact on roads
- Exploits the Port's privately owned and under-utilised rail facility
- More customers are now considering a rail option

Rail fell out of favour 2006-2009

- Drought severely restricted grain production in Victoria from 2006 to 2009
- In December 2007 Asciano announced its subsidiary Pacific National was pulling out of rail services for grain in Victoria to focus on coal
- This announcement shocked the grains industry and led to a low-point in Victorian rail
- Port of Portland considered that rail transport was dead and grain exports would be limited to truck-only and 300kT/year
- Port of Portland Management dropped its focus on rail and the rail assets

GrainCorp kick started rail again

- GrainCorp took the initiative in 2008 and agreed take or pay contracts with Pacific National for grain trains in Victoria – this was during the drought
- This was a courageous move by GrainCorp and when the rain came later in 2009 GrainCorp was ready and trains started coming to Portland again
- Port of Portland has seen good use of its rail facilities since 2010 for grain exports
- The rail system has blood pumping through its veins

Resurgence of Rail

- Port of Portland has reinvested in its rail assets for the past 3 years
- Maintenance is up to date. Staff are rail accredited. Safety audits are done. Rail interface agreements are in place
- Our strategy is to capitalise on this activity and attract another cargo to rail – mineral sands
- All of this positive activity coincides with the Victorian Government's push on renewing the Murray Basin's rail infrastructure

Resurgence of Rail

- We have seen Victorian Government support for rail – supported by both major parties
- There is a recognition that rail is important to reduce burden on our roads, to reduce the carbon footprint, reduce truck traffic through towns and to lower freight costs
- The rail decision however requires a different lens – a 30 year view. This is difficult for business and Government which favours shorter term focus

The experience of looking at wood chips on rail

- In October 2006 as the bluegum plantations planted by the MIS companies were nearing harvest, Toll Logistics attempted to set up rail for wood chip deliveries to port
- Numerous meetings with the forest owners could not engage any company to agree to the \$100 million of capital upgrades to the rail network
- The lesson is that private companies do not have the scale to get rail going in Victoria. Only Government can get rail networks up to standard for use by industry

Murray Basin Rail Project

- We need to support Governments' push for rail because such long term capital decisions are hard to make
- Whatever option chosen needs to provide value for money and so should focus on grain and mineral sands freight because these are real
- If Government is not involved rail will not happen because no single private company can justify the investment in Victoria

Murray Basin Rail Project

- A key objective is a choice of ports for grain and mineral sands – mitigates the risk of a failure of one port and promotes competition
- ARTC needs to be engaged in this Project – its lack of engagement has contributed to lack of progress
- The rail network in Victoria needs not just gauge standardisation but also axle load improvements to increase productivity

Conclusion

- We need to support Government's push for rail because such long term capital decisions will not be made by industry and the benefits of rail will not be achieved
- The option chosen needs to provide value for money so must focus on grain and mineral sands freight because these are real