



# Port of Portland

Presentation to the Rail Freight Conference

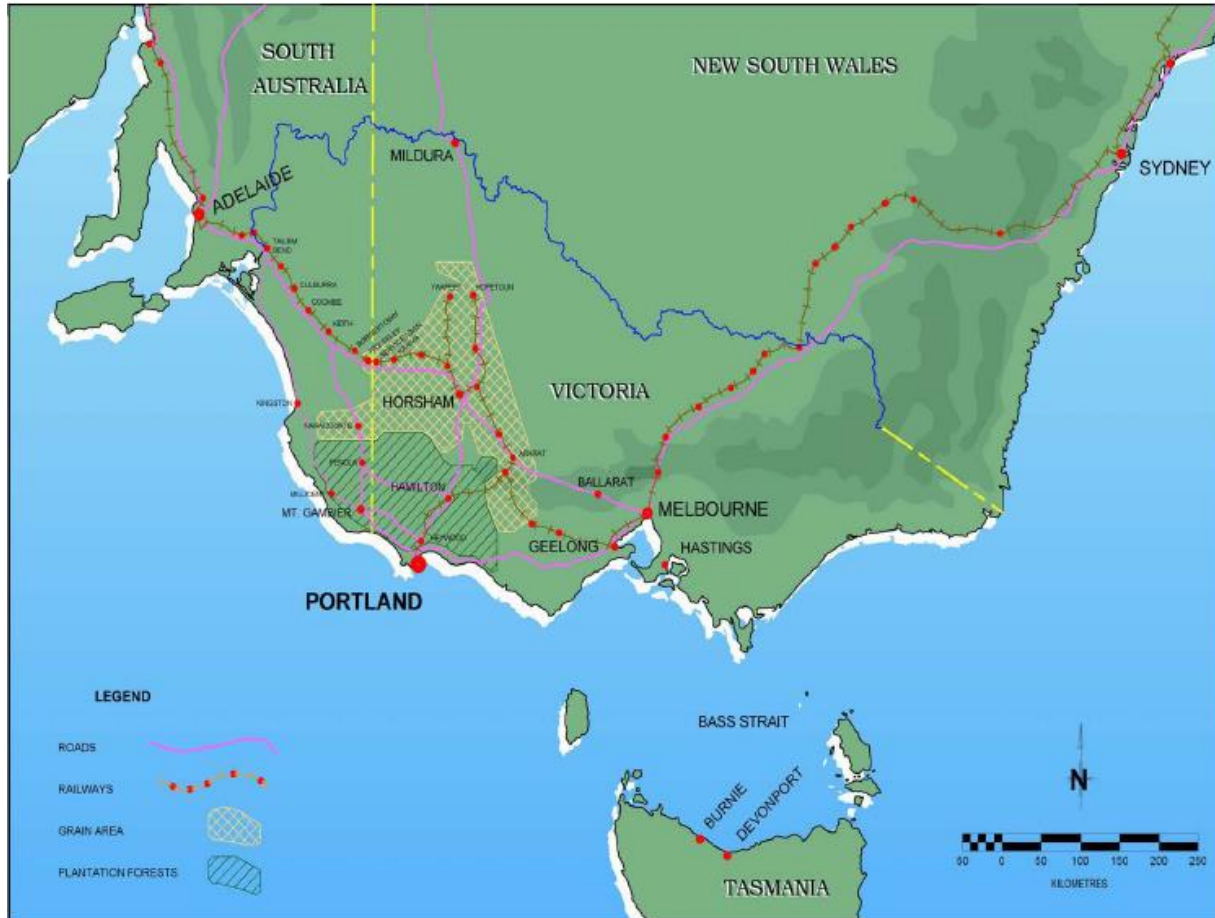
## **Challenges and Opportunities Today**

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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:

	<b>Total Grain</b> (‘000 tonnes)	<b>By Rail</b> (‘000 tonnes)	<b>%</b>
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