Port of Melbourne Corporation

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Submission:

House of Representatives Standing Committee on Climate Change, Water, Environment and the Arts: Inquiry into the Australian Coastal Zone

Inquiry into Climate Change Impact on Coastal Communities

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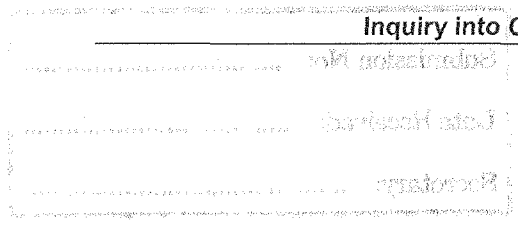

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1 Introduction

As a responsible member of the Australian coastal community, Port of Melbourne Corporation (PoMC) supports initiatives that seek to ensure the sustainability of the coastal zone and commends the government for this timely review.

This submission will proceed in two parts. Part one is an outline of PoMC's Climate Change Policy and our proactive approach to dealing with climate change. Part two highlights strategic management issues for sustainable coastal zone management from a port perspective.

1.1 PoMC Corporate Values

The Port of Melbourne is Australia's largest container and general cargo port. The port's trade throughput has more than doubled over the past ten years and this trade growth is expected to continue into the future. As strategic manager of the port, PoMC has a critical role to play in ensuring infrastructure capacity, effective land and sea connections and efficient port operations. These elements help facilitate the international logistics chain and ensure the sustainability of the Victorian and Australian economies.

Our corporate values guide the way we do business and reflect the things that are most important to us as an organisation, and in our relationships with others. With regard to the environment, safety and social well-being, our values are;

- Recognising the inherent environmental and social values of the port,
- Demonstrating a best practice safety and environmental management culture to continually improve environmental impacts and safety outcomes,
- Contributing to the social and economic well-being of our near neighbours and the broader community, and
- Ensuring that all decisions consider their environmental, safety and social impact.

1.2 Climate Change Policy

In November 2007, PoMC's Board approved a Climate Change Policy to guide the organisation. The Policy aims to maintain the Port of Melbourne's premier position by adopting greenhouse gas (GHG) reduction initiatives that make good business sense and preparing for the impacts of unavoidable climate change. In particular, the policy seeks to:

1. Adopt initiatives and actions that seek to reduce GHG emissions which are linked to operational and capital investment efficiencies, and that reflect improvements in the efficiency of resource utilisation.

2. Ensure that the corporate approach to climate change appropriately reflects the evolving Federal Government position in relation to climate change, particularly emissions trading.
3. Measure climate change performance of PoMC and the Port of Melbourne through the existing corporate performance monitoring framework.
4. Develop detailed and appropriately resourced Climate Change Strategy and implementation plans.
5. Incorporate climate change objectives into the corporate decision making framework.

Climate Change Strategy

As part of the Climate Change Policy, PoMC is developing a Climate Change Strategy. The Strategy includes the preparation of a corporate climate change risk profile for Port of Melbourne (PoM). The risk profile includes an assessment of risks associated with future scenarios such as the effect of sea level rise on port infrastructure, the operational impacts of severe weather and potential changes to our trade profile. Appropriate adaptation measures are being considered as part of the Strategy to reduce PoMC's vulnerability to climate change impacts, and ensure the sustainability of the Port of Melbourne.

1.3 C40 World Ports Climate Conference

In addition to developing a Climate Change Strategy, PoMC is participating in the C40 World Ports Climate Conference (WPCC). In November 2007, representatives from 14 ports[1] convened in Rotterdam to discuss initiatives and approaches towards reducing CO2 emissions. Port representatives were brought together under the auspices of the C40 Large Cities Climate Leadership Group and the Clinton Climate Initiative.

During the 2007 conference presentations were made by leading experts in the field and in five working sessions best practices were shared amongst the participants. The result of the conference is a draft World Ports Climate Declaration, in which initiatives to reduce greenhouse gas emissions in port areas, port operations and hinterland transport are agreed upon. Furthermore, promotion of the use of renewable energy and the quantification and assessment of initiatives form part of this Declaration.[2]

In July 2008 the World Ports Climate Conference will be held in Rotterdam. On that occasion, delegates from more than 30 ports and cities will attend to

[1] Amsterdam, Antwerp, Dubai, Gothenburg, Hamburg, Houston, Los Angeles and Long Beach, Melbourne, New York/New Jersey, Rotterdam, Santos, Shanghai and Tokyo

[2] C40 Cities Climate Change Group, *Programme WPCC 2008* (2007) C40 World Ports Climate Conference <http://wpccrotterdam.com/home> at 20 April 2008.

underwrite the Declaration. PoMC will be represented at this conference and intends to become a signatory to this Declaration.

2 Matters for the Committees Consideration

PoMC is proactively working to achieve sustainable development of the PoM and is pleased to be able to participate in the process of this review.

PoMC is seeking to ensure that a revised coastal zone management policy adequately considers sustainable port management requirements. An issue of particular concern for ports in general is that, ports are located at the land/water interface and hence are an important part of Integrated Coastal Zone Management (ICZM). The existing Commonwealth ICZM, the *2003 National Cooperative Approach to Integrated Coastal Zone Management* includes a provision on cooperative management of industry dependant on the coastal zone, but contains no clear policy on the significance of ports or marine transport. As the present review extends expressly to the impact of climate change, it would be appropriate that the final ICZM strategy include a formal position on the importance of ports to State and National economies. In fact, improving recognition of the critical role played by nationally significant ports in the Australian economy was recently highlighted by the Commonwealth supported agency, the National Transport Council in its *National Transport Policy Framework.*

An integrated ICZM strategy that recognises and integrates ports is further justified on grounds of improving environmental management. By way of example; severe weather events such as storms and flooding regularly result in large amounts of pollution in the form of litter, toxins and sediment flowing through the port area into the adjoining coastal areas. The origin of this pollution is not the port but neighbouring cities and hinterland areas, including agricultural regions. Port managers are generally constrained in their management influence to address reduced water quality and contaminated sediments which have resulted from poor practices upstream. Nevertheless, ports incur the direct costs of removing sediment deposits and water-borne solid waste from berths and shipping channels to ensure the safe navigation of vessels in port waters.

2.1 An Issues Based Approach to ICZM

It is critical to ensure that accurate and informed decision making is used to develop options for Australian ICZM in the face of climate change risk. Many coastal areas are important to Australian prosperity and these economic factors should be taken into account. One option is to use an approach to ICZM that integrates accurate risk assessments for both the environment and relevant economic sectors on an issues basis. An integrated risk assessment process will require the means to operate effectively across several jurisdictions because

effects of climate change will, by their nature, occur across State borders. Moreover the localised impact of climate change will vary considerably. Recent overseas modelling shows 'an uneven distribution of risk' and that 'the impact of sea level rise is more local than global.'[3] This was found to be the result of geographical variations in sea level, coastal development and regional temperature difference.

Due to differences in the geography and temperature along the lengthy Australian coast line, this modelling could be expected to produce similar results in a local study. If this is the case, ICZM procedures will depend on more accurate assessments of local environments than are currently available. This is especially so for those coastal areas containing economically significant commercial or business infrastructure, including transport, aquaculture and agriculture. An intense storm surge in the Port of Melbourne will have flow on affects for the ecosystem of the bay and the broader Victorian economy. Integrated risk assessments of identified eco-systems and coastal economies would be one option. Integrating assessments in this way will ensure accurate risk profiles for each identified eco-system/economy take account of important aspects of related coastal communities. PoMC believes that, as members of the coastal community, ports and coastal businesses would be integral to any assessment of the eco-systems in which they are situated. Indeed, many will have access to their own modelling and research that could benefit the ICZM risk analysis process.

2.2 Changing Demography of the Coastal Zone

As identified in the Terms of Reference, there is a continuing and substantial demographic shift towards coastal communities by some sectors of the population. Growing coastal populations can lead to increased urbanisation of the coastal zone and expanding service based coastal economies. In turn, pressure is placed on existing users of the coastal region such as agriculture, aquaculture, industry and transport related infrastructure. Where possible, these users react by either retreating inland or changing the nature of their operations, most notably the development of intensive agriculture. Other users, for instance the fishing, transport, and petroleum industries, cannot easily relocate away from the coastal zone. In particular, as ports act as a gateway for trade into and out of Australia, their economic significance cannot be underestimated.

As members of the coastal community, ports can and do make a strong contribution to ICZM policy. PoMC, for example, is proactively engaging with local communities to improve spatial planning and improve amenity. Nonetheless, coastal communities also need to appreciate the significance of

[3] European Union Environment Agency *The Changing Effects of Europe's Coastal Areas*, No006/2006.

ports and related coastal infrastructure for the wider community. To assist the development of cooperative measures, a capacity building program to improve the knowledge of all stakeholders could be initiated. Improving the understanding of all stakeholders will be critical to informed decision making by coastal mangers, including volunteers, communities and business. For example, all stakeholders need to be aware of the anticipated growth in international trade volumes over the next three decades. Government and business representatives will need to build community knowledge of the function of ports in the freight transport system and their importance for all Australians.

2.3 Ports and Climate Change

As the strategic manager of an international container port, PoMC will also be expected to implement many industry changes in the coming decades. The key considerations for ports are outlined in the attachment below. It is considered that a new coastal strategy should take into account the economic significance of ports and other coastal business when developing a policy for ICZM. In accordance with the anticipated increases in Australian trade volumes, a clear policy on sustainable port development would be expected in an effective ICZM strategy.

3 Recommendations

It is recommended that the Committee take into consideration the information presented in this submission. In particular, the Committee is asked to note that ports are members of the coastal community and that any coastal strategy should take into consideration the economic importance of ports to the Australian economy.

4 Appendix

1. Key risk considerations for ports

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Key Risk Considerations for Ports		
Social	Intensification of community and government expectations	▪ Acceptance of high productivity vehicles ▪ Port operational controls ▪ Port growth / air quality implications ▪ Work force disruptions
Natural	Increased variability in natural environmental conditions	▪ Contaminant mobilisation ▪ Storm damage ▪ Operational disruptions ▪ Cargo damage ▪ Asset maintenance
Built	Port infrastructure and facilities	▪ Infrastructure capacity (trade fluctuations / trade shifts) ▪ Port development planning ▪ Private investment ▪ Modal shifts
Business	Changing trade profiles and supply chain shifts	▪ Operating hours ▪ Changing trade profiles ▪ Supply chain ▪ International trade demand
Governance	Increased policy and regulation	▪ Insurance costs ▪ Compliance and management costs