

PORT OF MELBOURNE: SWANSON DOCK WEST REMEDIATION PROJECT

Stakeholder Engagement Report

PoM SDW Project
Version 1.4
2 November 2022

REPORT

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2 November 2022

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Table of Contents

1	WHY PORT OF MELBOURNE ENGAGED.....	2
1.1	Background	2
1.2	About this report.....	3
2	WHO WE ENGAGED.....	4
2.1	Stakeholders engaged	4
2.1.1	DP World Australia	4
2.1.2	Port Tenants and Port Users	4
2.1.3	Interested parties	4
2.1.4	Local community.....	4
3	HOW WE ENGAGED.....	5
3.1	Engagement stages	5
3.1.1	Development stage.....	5
3.1.2	Project planning stage	5
3.1.3	Pre-Construction Consultation stage.....	5
3.2	Engagement methods.....	5
3.2.1	Digital Marketing campaign	6
3.2.2	Information sessions.....	6
3.2.3	Post-information session survey and feedback.....	6
4	WHAT WE HEARD	7
4.1	Stakeholder feedback	7
4.1.1	Port Tenants and Port User feedback	7
4.1.2	Information sessions	7
4.1.3	Survey results	7
4.2	Key findings.....	7
5	CONCLUSION	8
5.1	Next steps	8

Appendices

APPENDIX A Stakeholder feedback	9
APPENDIX B Online survey	12
APPENDIX C Communication material	14

1 WHY PORT OF MELBOURNE ENGAGED

Port of Melbourne (PoM) is Australia's largest capital city container and general cargo port, handling more than one-third of the nation's container trade.

It operates as a landlord port and is responsible for planning, operating, and maintaining port land and shipping channels. PoM has stewardship obligations to ensure the port has the capacity and capability needed to handle cargo, and that facilities and infrastructure are developed and maintained as needed.

PoM has stewardship obligations under the Port Lease granted by the state including to:

- Achieve the Port Objective that the Port be managed, operated, maintained, and developed so as to be a major seaborne trade gateway to the benefit of the economy of the State
- Manage, operate, and maintain the Port in accordance with Good Operating Practice
- Ensure the Port is capable of providing access to shipping, including being able to reasonably accommodate vessels of the size and type reasonably required to meet the trade requirements of the Port from time to time
- Develop the Port land and infrastructure to:
 - Cater for actual and reasonably anticipated growth in, and demand for, port services
 - Provide quality and efficiency standards expected of a major port; and
 - Maintain the Port's leading position among major Australian ports in terms of its quality, efficiency and effectiveness.

1.1 Background

Swanson Dock West (SDW) is a critical International Container Terminal (ICT) of the port and comprises 944m of container handling berths, which was constructed in several stages between the 1960s and 1980s.

Sections of SDW are close to or beyond the typical design life of 30 years, which was the standard design life utilised at the time. Based on the 2019 condition inspection assessment, remediation is required to avoid any further deterioration of the wharf asset. Without asset intervention, over time, the risk of structural failure will likely require a downgrading of wharf load capacity to mitigate risk.

Project planning

In 2021, early planning engagement commenced with DP World (DPWA), who are SDW tenants and operators of the ICT; they are the most impacted stakeholder. In collaboration with DPWA, a three-stage delivery program was developed to minimise operational/shipping impacts with preparations underway to commence stage 1 in 2023. Future stages will be subject to further consultation with DPWA and other stakeholders prior to commencing works. The three-stage construction program will provide a consistent and reliable two-berth operation for two 300m vessels simultaneously.

Pre-construction engagement

As the delivery program was being finalised with DPWA, PoM sought to meaningfully engage with other port users and stakeholders to keep them informed about the project and seek feedback on potential impacts during construction. This engagement was delivered during August and September 2022.

Given the industry-focused nature of the SDW remediation works, PoM determined that online information sessions were the best way to reach other stakeholders about the project. PoM prioritised promotional methods aimed at the industry, including a digital advertising and communications campaign, a media release and social media. PoM also extended the promotion to local communities surrounding SDW, to capture interest from residents and businesses.

RPS was engaged by PoM to facilitate and deliver two online public engagement information sessions. The purpose of the engagement, including project negotiables and non-negotiables were clearly explained to stakeholders during the online information sessions. A draft stakeholder presentation and project fact sheet

were made available on PoM's website before the information sessions. These communication materials are available at Appendix C. Furthermore, there was a four-week feedback submission period to ensure stakeholders had an appropriate timeframe to comment on the project.

Engagement outcomes

Overall, the proposed scope, timeline, and cost recovery methodology of the SDW Remediation Project were well received by port tenants, port users, key stakeholders and members of the community. The majority of stakeholders were from the industry, rather than residents or local community.

The online information sessions provided an opportunity for the broader industry, business, and communities to be informed of the project scope and provide constructive feedback for the project team to consider in its planning.

The level of detail provided by PoM on the project scope, construction methodology, project timeline and cost recovery process satisfied stakeholders to the extent that there were a small number of questions and comments as part of the survey for the public information sessions and formal feedback period; these have been addressed by the project team in Appendix A.

Key issues and comments received were primarily around potential impacts from project works to shipping operations for Swanson Dock. PoM has noted that these concerns were already very well understood by the project team, as they have been liaising closely with the two International Container Terminal operators at Swanson Dock. As the project progresses into delivery in early 2023, PoM has committed to ongoing communication and engagement with key stakeholders, industry, business, and local community through a range of methods including meetings and project updates.

1.2 About this report

This report provides the outcomes of direct stakeholder engagement undertaken by Port of Melbourne to support the Swanson Dock West Remediation Project.

It includes the following key elements:

1. **Who** Port of Melbourne invited to engage and who participated in the activities
2. **How** Port of Melbourne engaged, including an overview of the engagement stages and the methods of engagement used
3. **What** Port of Melbourne heard provides a review of the feedback received from stakeholders
4. **Next steps** for Port of Melbourne to consider in the development and delivery of future stakeholder engagement activities.

2 WHO WE ENGAGED

2.1 Stakeholders engaged

2.1.1 DP World Australia

PoM lead detailed discussions about the project with DPWA over the last 12-15 months beginning in 2021.

The three-stage delivery program has been developed in collaboration with DPWA in order to minimise operational and shipping impacts, while still maintaining a consistent and reliable two-berth operation at SDW.

The ongoing discussions include details around preparatory works that are underway prior to the commencement of Stage 1 construction work.

Future stages of the SDW Remediation Project will be subject to further consultation with DPWA prior to commencing work on those stages.

2.1.2 Port Tenants and Port Users

PoM engaged with organisations and businesses that operate and make use of the Port's facilities including stevedores, commercial shipping, and other Port Users.

Informing and engaging with Port Tenants and Port Users of the SDW Remediation Project construction scope and schedule was a high priority for PoM.

2.1.3 Interested parties

Port operations have an impact on a wide range of industries, sectors and organisations who understandably have an interest in how the SDW Remediation Project may affect their own operations.

2.1.4 Local community

SDW's relative proximity to residential areas in Yarraville and Seddon could result in construction associated impacts on these communities, although any impacts are unlikely to be noticed alongside the Port's everyday operations and surrounding major roads such as the West Gate Bridge.

3 HOW WE ENGAGED

As part of a pre-construction consultation stage, PoM sought to meaningfully engage with port users, stakeholders and the community to establish open, frequent, and genuine channels of engagement throughout the project's lifecycle.

PoM developed a stakeholder engagement and communications plan which identified the project's stakeholders and interested parties, including methods of engagement. In addition to the impacted terminal operators, the plan identified groups such as shipping lines, adjoining businesses, trade associations and other tenants. Given the nature and location of the works, PoM identified industry stakeholders as the primary target audience for engagement.

3.1 Engagement stages

3.1.1 Development stage

As the key stakeholder directly impacted by the SDW Remediation Project, PoM had engaged directly with DPWA over 12-15 months to develop the scope and schedule of works. PoM had also been working with Ports Victoria and the Harbour Master for their requirements as well.

3.1.2 Project planning stage

The SDW Remediation Project was identified in PoM's Port Development Strategy 2050 (PDS). The PDS was launched in late 2020, after extensive consultations with the industry, tenants and port users.

PoM had been engaging with DPWA since early 2021 on the scope and methodology of the SDW Remediation Project. These discussions have included the scope and delivery of preparatory works at SDW.

3.1.3 Pre-Construction Consultation stage

Following the information sessions held in mid-August, stakeholders were invited to submit feedback on the SDW Remediation Project to PoM over a consultation period of four weeks from Tuesday 16 August to Friday 16 September 2022.

Stakeholders were able to submit responses and feedback via email or post, with a commitment by PoM to respond to any enquiries and feedback submitted, as well as publish a stakeholder engagement report online.

RPS facilitated two public information sessions on the SDW Remediation Project:

- 10.00am – 11.00am, Tuesday 16 August 2022
- 4.30pm – 5.30pm, Thursday 18 August 2022.

The purpose of the information sessions was to:

- Outline the key aspects of the remediation project
- Detail the options considered for construction staging
- Inform stakeholders how PoM proposes to recover the investment
- Provide the opportunity for stakeholders to provide feedback on the project's staging approach and any other potential impacts that could arise from construction works.

3.2 Engagement methods

PoM created an action plan for the pre-construction engagement stage. The plan considered the type of stakeholders who would be impacted by the SDW Remediation Project, as well as appropriate communication and engagement channels. Activities were then developed to provide other interested stakeholders with reasonable avenues to engage about the project.

3.2.1 Digital Marketing campaign

PoM engaged a media communications and marketing agency to facilitate communications surrounding the SDW Remediation Project including promotion of the two public information sessions via digital channels from 1-15 August 2022.

Additional communications was put out through PoM's media release and social media channels.

The digital marketing campaign was aimed at stakeholders in the shipping and freight industry, as well as geo-targeted to members of the local communities in and around the Port.

The campaign utilised three different channels: programmatic, compass location and Meta (Facebook) (Table 1).

Table 1: Marketing campaign engagement

Channel	Impressions	Click through rate (CTR) %	Industry benchmark CTR %
Meta (Facebook)	593,551	2.61%	1.00%
Programmatic display	1,322,964	0.07%	0.06%
Compass location display	411,925	0.39%	0.3%

3.2.2 Information sessions

The information sessions were open for any interested stakeholders and were promoted via a two-week digital marketing campaign (see above). A draft copy of the presentation slides and a project fact sheet were also provided to stakeholders on the PoM website, to enable better engagement with them.

Table 2 shows a breakdown of attendance across the two sessions.

Table 2: Information sessions attendance

Information Sessions	Tuesday 16 August 10.00-11.00am	Thursday 18 August 4.30-5.30pm
Registrations	88	40
Attendance	62	34

3.2.3 Post-information session survey and feedback

A short online survey was sent to stakeholders following each information session to encourage feedback on the how the information sessions were delivered, the project more broadly and communication preferences as the project progresses. A copy of the online survey is available at Appendix B.

Stakeholders were also encouraged to submit any feedback over a four-week period from Tuesday 16 August to Friday 16 September 2022 following the information sessions via the PoM website and email or registered post.

4 WHAT WE HEARD

4.1 Stakeholder feedback

Formal stakeholder feedback was received from stakeholders during the four-week period following the information sessions, with the majority of feedback received during the sessions themselves or immediately following via the post-information session survey. All feedback was acknowledged within three business days.

PoM notified stakeholders who attended the information sessions, through the project website and on the presentation slides, that a stakeholder engagement report would be published, outlining all the feedback received, as well as PoM's responses to them.

4.1.1 Port Tenants and Port User feedback

Details of the feedback and questions received, as well as PoM's responses is available in Appendix A.

4.1.2 Information sessions

Feedback was welcomed following the formal presentation of SDW Remediation Project background and scope during the information sessions, with an open floor question and answer period of twenty minutes.

The majority of questions raised were to do with tenders for the upcoming works on the SDW Remediation Project – with PoM committing to release tender information when appropriate.

Other items raised include queries about:

- SDW's capacity during construction, and the impacts on DPWA's operations
- Amenity and noise impact of construction works, and how this will be managed
- Proposed cost recovery via Prescribed Services Tariff
- Overall strategy for PoM – stakeholders were referred to the 2050 Port Development Strategy.

Answers were provided to the majority of questions by PoM representatives during the information sessions, and where further details were requested, PoM followed up directly with key stakeholders following the information session.

4.1.3 Survey results

The online survey was completed by 6 respondents and showed that 84% (4) of survey respondents either agreed or strongly agreed that the construction program and timeframe for the SDW Remediation Project is feasible.

In terms of likely impact of the project, 50% (3) of respondents said that the project would have a medium impact, 33% (2) with a low to very low impact and 17% (1) indicating a high impact.

All of the survey respondents were either satisfied or highly satisfied with the information sessions.

4.2 Key findings

Overall, the proposed scope, timeline, and cost recovery methodology of the SDW Remediation Project was well received by Port Tenants, Port Users, key stakeholders, and the broader community, with no opposition to the project. Stakeholders indicated a preference for ongoing updates on the progress of the SDW Remediation Project through industry briefings, meetings, and emails.

The primary concerns raised were around potential impacts from project works to shipping operations for Swanson Dock. These concerns are already very well understood by the project team, who have been liaising closely with the two International Container Terminal operators at Swanson Dock and Ports Victoria.

PoM has indicated that these concerns have been responded to, and there will be further coordination and ongoing management with all impacted stakeholders, to reduce and mitigate impacts on port operations during the project works.

5 CONCLUSION

The engagement process conducted by PoM for the Swanson Dock West Remediation Project was designed to capture the feedback, not only of PoM's key stakeholders such as Port Tenants and Port Users, but broader industry and business stakeholders and the local communities in the vicinity of the port.

The communication and engagement program with key stakeholders has provided feedback to the SDW Remediation Project and demonstrated a commitment to meaningfully engage and collaborate with key stakeholders to ensure the best possible outcomes for the project.

The public information sessions hosted by PoM gave the opportunity for broader industry, business and communities to be informed of the project scope, be involved in the pre-construction stage and provide feedback.

There was significant interest in the SDW Remediation Project as indicated by the registrations and attendance across the two information sessions.

The level of detail provided by PoM on the project scope, construction methodology, project timeline and cost recovery process has generally satisfied stakeholders, with no material changes to the scope, schedule and program of proposed works for the SDW Remediation Project

5.1 Next steps

PoM has committed to ongoing communication and engagement around progress of the SDW Remediation Project with key stakeholders, industry, business, and local community via several channels including meetings, project updates and emails. Stakeholders impacted by the project will be directly engaged by the project team to ensure appropriate measures are taken to reduce and mitigate their impacts.

PoM has committed to making this stakeholder engagement report available to the public through their website.

Appendix A Stakeholder feedback

Stakeholder question or comment	Port of Melbourne response
<p>Are you planning to review Automated Mooring Solutions?</p>	<p>While there are no immediate plans, we are continuously working with our stakeholders and terminal operators to enable any future trials of automated mooring systems at the port at a future stage.</p>
<p>Understand that the upgraded bollards will allow the container vessels to remain moored at SDW under extreme wind conditions. Would appreciate it if PoM can share % increase in berth availability after the upgrade</p>	<p>The project will ensure Swanson Dock West is safely upgraded and remediated to remain a three-berth operation. Any improvements to berth productivity is for the terminal operator to determine and manage with its own stakeholders, including the shipping lines and Harbour Master.</p>
<p>Safety issues as I work at SDW.</p>	<p>The project will work with the principal contractor to ensure safety is a key consideration during the construction works, including having all safety management systems and processes in place.</p>
<p>Will there be more small shipping to help with the work at SDW, that is work boats?</p>	<p>At this stage, the construction methodology is still being determined, however it is expected that a range of marine vessels and barges will be utilised during construction.</p>
<p>I'm hoping that as much of the work as possible is contained within the areas highlighted and is accessed via the water. By this, I mean initial site preparation, fencing, work huts, plant, demolition materials, building materials, piling, new rails etc comes by boat rather than through a very, very busy and congested container terminal made even more so by operating in a reduced space as a result of this essential work. Naturally, there is and has always been pressure to turn around ships and this will increase.</p>	<p>The project has worked very closely with the terminal operator to phase the works to reduce any impact to their operations. Typical construction activities such as site establishment, early works, laydown areas, and transporting and stockpiling of materials is not expected to impact the terminal operator. Swanson Dock West will remain a two-berth operation for the duration of the works.</p>

REPORT

<p>Will archaeological work be undertaken to investigate the sites previous use, reclamation works carried out in the 1960's, Coode Canal excavation in the 19th century and pre-European settlement?</p>	<p>As this project is about remediating and upgrading existing port infrastructure, it is not required to undertake a cultural and heritage management process.</p>
<p>Could the Prescribed Services Tariffs be explained in a bit more detail please? Are there documents or documentation accessible?</p>	<p>Prescribed Services and port charges are detailed on our website, please visit: https://www.portofmelbourne.com/regulatory-information/prescribed-services/</p>
<p>The SDW Remediation Project should be future-proofed by considering future vessel-size trends.</p>	<p>The Swanson Dock West Remediation Project is designed to future proof for potential improvements and upgrades to account for any trends in future ship sizes.</p>
<p>Is Swanson Dock West restricted to 2 berths for the duration of the project?</p>	<p>The project team has worked closely with the terminal operator to provide a consistent and reliable two-berth operation during construction.</p>
<p>What is the duration of the project?</p>	<p>The current forecast is that all remediation and upgrade works are expected to take approximately five years to complete, meaning completed by 2027 - 2028. PoM will provide updates timing as works progress and the planning of future stages is developed.</p>
<p>Lots of services will have different vessel lengths, how will this impact their ability to berth at SDW?</p>	<p>The project team has worked with the terminal operator to study the frequency and berthing arrangements of various vessels sizes for the works. While the terminal operator will liaise directly with the shipping lines for their requirements to manage berthing operations most efficiently and effectively.</p>

REPORT

<p>Is the first 60 metres of the Swanson Dock West going to be demolished to make way for safer movements and a larger swing basin?</p>	<p>At this stage, the project is focused on delivering on the remediation and upgrade works for Swanson Dock West. While the Port Development Strategy 2050 has outlined potential upgrades to the swing basin, further planning, modelling, and investigations are required, and PoM will engage comprehensively with stakeholders if this is to proceed.</p>
<p>Will there be any work done on the crane rails?</p>	<p>Yes, the crane rails are being replaced.</p>
<p>Will bigger cranes be installed at the upgraded berth?</p>	<p>The remediation project will reinstate load capacity of the wharf to its intended functional requirements for the next 50 years. The terminal operator determines the types of cranes required to meet their operational requirements.</p>
<p>Will there be any impacts to shipping from barge movements to get the piles to Swanson Dock West?</p>	<p>The piles for the project are currently being stored at South Wharf and Appleton Dock. Barging for the piles to the project site will be under the direction of the Harbour Master, and the project team will work closely with terminal operators to minimise any impacts to shipping operations.</p>
<p>Will the works for Berth 2 and Berth 3 of the project be even more impactful on shipping operations into Swanson Dock?</p>	<p>We expect that planning for Berth 2 works will commence sometime during 2023. As part of the planning process, we will engage with all impacted stakeholders to minimise impacts on shipping operations.</p>
<p>Will there be more engagement with stakeholders as the project proceeds?</p>	<p>The project team is fully committed to working with all stakeholders impacted by the works. Further updates and engagement will occur throughout the project duration.</p>

Appendix B Online survey

Port of Melbourne: Swanson Dock West (SDW) Remediation Project Stakeholder Review

Please fill out this survey following the SDW Remediation Project information sessions. This survey will take no more than 5-10 minutes.

You are also invited to submit longer form and more detailed responses on the SDW Remediation Project to community@portofmelbourne.com by 16 September 2022.

* Required

1. What are your initial thoughts on the remediation project's three-stage construction program and timeframe? *

	Strongly disagree	Disagree	Neutral	Agree	Strongly Agree
The construction program makes sense	<input type="radio"/>				
The construction timeframe is feasible	<input type="radio"/>				

2. Do you have any questions about the other staging options that were considered for the remediation works?

3. Do you have any questions about the proposed bollard installation and potential impact on port users?

4. What is the likely impacts of the SDW remediation to your everyday operations?

	Very low	Low	Medium	High	Very high
Impact	<input type="radio"/>				

5. What are these impacts, if any?

Appendix C Communication material



Project Factsheet

Swanson Dock West Remediation Project

August 2022



Contact:

The Port of Melbourne will respond on feedback and questions about the SDW Remediation Project.

We request that you submit your feedback in writing to:

Email: community@portofmelbourne.com

Postal address: GPO Box 2149, Melbourne VIC 3001, Australia

Port Background:

Established over 150 years ago, the Port of Melbourne (PoM) is Australia's largest capital city container and general cargo port. Port of Melbourne operates 24 hours per day, 7 days per week and handles almost one-third of the nation's container trade.

Port of Melbourne is Victoria's only container port and a vital trade hub for South Eastern Australia. Containers are the most significant port trade, with liquid bulk the next largest with around two-thirds relating to crude oil and refined petroleum products.

The Port of Melbourne is a critical supply chain interface for the movement of cargo in Victoria and its trade catchment extends across the border into southern NSW and South Australia. The Port of Melbourne is also the primary access point for domestic and international trade with Tasmania.

Port of Melbourne supports some 30,000 full time equivalent jobs and delivers \$7.5b in economic benefits each year. Port of Melbourne plays a major part in delivering an efficient freight supply chain to support Victoria's growing economy, including the efficient movement of goods within Melbourne and regional Victoria.

Key Project Milestones:

The SDW Remediation Project is expected to be completed in **2027***.

2022	Site establishment and early works
2023	Berth 1 remediation commencement
2025	Berth 2 remediation commencement (pending further project development)
2026	Berth 3 remediation commencement (pending further project development)
2027	Project completion

*Timeframes are subject to change and further development

Stewardship Obligations:

We operate as a landlord port and are responsible for planning, operating and maintaining port land and shipping channels. There are significant contractual, regulatory and stewardship obligations on PoM to ensure the port has the capacity and capability needed to handle cargo, and that facilities and infrastructure are developed and maintained as needed.

There must be prudent and responsible planning by PoM to maintain and accommodate increasing trade volumes, and ensure that the Victorian economy is well-served by the port into the future.

With a strategic planning approach, an ongoing infrastructure investment and renewal program, and with significant infrastructure already in place, PoM is hard at work in building on its competitive strengths.

Project Background:

Swanson Dock West (SDW) is a critical International Container Terminal comprising of a 944m wharf with three container-handling berths, which were constructed in several stages between the 1960s and 1980s.

The existing SDW wharf is of varying ages and forms of construction. Sections of the wharf are close to or beyond the

typical design life of 30 years (standard design life utilized at the time) and as a result, major remediation and asset intervention is required. Without any remediation or intervention over a longer period of time, the risk of structural failure will likely require a downgrading of wharf load capacity.

Detailed engineering and technical assessments have uncovered a range of issues, including:

- Crane rail deflection surveys and core-hole inspections of the landside timber piles were carried out in 2016-2017 on SDW Berth 1 and 2 and subsequently in 2019.
- Results indicated that top sections of the timber piles have significantly deteriorated.
- Based on the 2019 condition inspection assessment, remediation is required to avoid any further deterioration of the wharf asset.
- Existing bollards are under capacity to deal with increasing loads from more extreme weather events and increase vessel sizes.

The SDW wharf structures must be remediated and upgraded to enable them to continue handling container vessels for the next 50 years.

PoM is proposing to recover the investment in the SDW Remediation Project from existing Prescribed Services Tariffs, which are subject to ESC compliance assessment.

More information on port pricing regulation can be found at www.portofmelbourne.com

Scope of Works:

Detailed options analysis and assessments were conducted in conjunction with the terminal operator in 2021 and 2022. The project delivery methodology is designed to minimise the impact of works on the operations of the International Container Terminal.

SDW International Container Terminal currently has a three-berth operation. Our three-stage program has been developed

to enable it to maintain a two-berth operation for the duration of the works. Commencing from Berth 1, the project will focus on completing works for each berth, moving progressively toward Berth 3.

The timeframes and staging for Berths 2 and 3 are still pending further project development and approval.

Wharf Remediation

- Installation of new piles, including associated deck demolition and re-construction works
- Remediation of existing piles
- Seaside & Landside Crane Rail replacement at Berth 1, 2 & 3
- Fender beam remediation and Berth 3 transverse beam remediation
- Deck remediation (soffit & top)
- Cathodic protection on exposed reinforced concrete elements (fender & transverse beams and soffit)
- Services (utilities) including remediation of drainage through sheet pile wall

Retaining Wall and Pile Remediation

- Remediation (patching and encapsulation) of sheet pile wall at Berth 1, 2 & 3
- Remediation of Northern approach wall
- Replacement of protective jackets on seaward piles

Bollard upgrades

- Replacement of existing 50 tonne bollards with 100 tonne bollards
- Installation of 4 x 150 tonne bollards at Berth 1 to maintain DPW's ability to accommodate vessels of up to 337m LOA on Berth 2 during the Berth 3 works



PROJECT UPDATE

Swanson Dock West (SDW)

Remediation



Port of Melbourne Operations Pty Ltd

August 2022

Acknowledgement of Country

Port of Melbourne acknowledges the Bunurong, Wadawurrung and Wurundjeri Peoples of the Kulin Nation as the Traditional Custodians of the land and waters on which our business operates.

We recognise and value their unique cultural heritage, customs, spiritual beliefs and relationship with the land. We pay our respects to their Elders past, present and emerging, and to all Aboriginal and Torres Strait Islander peoples across the communities in which we work.

Session agenda



1. Welcome and housekeeping
2. Purpose of Information Session
3. Port Objective and investment obligations
4. Project overview
5. Questions and discussion
6. Next steps
7. Session close



Housekeeping



Keep your microphones muted during the presentation.



Feel free to ask questions in the chat and we'll do our best to answer them during the open Q&A.



Open Q&A will be held at the end of the presentation.



This information session will be recorded.



The purpose of today's session is to:

- Outline the key aspects of this major remediation project;
- Detail the options considered for construction staging;
- Inform you how PoM proposes to recover this investment; and
- Provide the opportunity for feedback.

Specifically, this engagement seeks to:

- **Inform** and explain the need for the project;
- **Inform** you about the scope of the project;
- **Seek your views** on the impact to you of the timing and option considerations for the project;
- **Enable** you to ask questions or **seek** further information to inform any formal written feedback you wish to provide

Disclaimer

This presentation is for information only and is intended as general information only and is intended to be current as at or around July 2022. The information is in summary form and does not purport to be complete. PoM does not warrant the accuracy, adequacy or completeness of any information provided, or as to the suitability of any information contained in this presentation for any purpose. PoM will not be liable to any third party using or relying on any information contained in this document for any purpose. Proceeding with Stage 1 of the project remains subject to PoM board approval, which is subject to completion of this phase of the project.

Port Objective

“ *Port Lessee acknowledges that Port Lessor's objective (**Port Objective**) in granting this Lease is that, throughout the Term, the Port be managed, operated, maintained and developed so as to be a major seaborne trade gateway to the benefit of the economy of the State.* ”

PoM's stewardship obligations

PoM has stewardship obligations under the Port Lease granted by the state including to:

- Achieve the Port Objective;
- Manage, operate and maintain the Port in accordance with Good Operating Practice;
- Ensure the Port is capable of providing access to shipping, including being able to reasonably accommodate vessel of the size and type reasonably required to meet the trade requirements of the Port from time to time;
- Develop the Port land and infrastructure to:
 - Cater for actual and reasonably anticipated growth in, and demand for, port services;
 - Provide quality and efficiency standards expected of a major port; and
 - Maintain the Port's leading position among major Australian ports in terms of its quality, efficiency and effectiveness.

Port Management Act (PMA), s48

In considering feedback PoM will have regard to the objectives of the Port Management Act, including:

- To promote efficient use of, and investment in, the provision of prescribed services for the long-term interests of users and Victorian consumers.



Project Background

Port of Melbourne



SUMMARY | The project is designed to address asset deterioration of SDW.

What is driving the need for this investment?

Project need

- Swanson Dock West (SDW) is a critical International Container Terminal (ICT) of the port and comprises 944m of container handling berths, which was constructed in several stages between the 1960s and 1980s.
- Sections of SDW are close to or beyond the typical design life of 30 years, which was the standard design life utilised at the time.
- Crane rail deflection surveys and core-hole inspections of the landside timber piles were carried out in 2016-17 on SDW Berth 1 and 2 and subsequently in 2019.
- Results indicated that top sections of the timber piles have significantly deteriorated.
- Based on the 2019 condition inspection assessment, remediation is required to avoid any further deterioration of the wharf asset.
- Without asset intervention, over a longer period of time, the risk of structural failure will likely require a downgrading of wharf load capacity to mitigate risk. This will impact DPWA's ability to operate as intended.
- PoM is required under the Port Lease and Port Concession Deed to maintain port infrastructure in accordance with good operating practice, including to specified load standards and port load.



SDW Remediation Project Compliance Obligations

Port Lease

- Clause 8.2(a) - manage, operate and maintain the port in accordance with Good Operating Practice.

Port Concession Deed

- Clause 11 - maintain, repair and replace Port Assets in accordance with Good Operating Practice, including maintaining minimum wharf load requirements as per the Port Load Chart;
- Schedule 8- maintain minimum remaining service life

SUMMARY | Project Overview



Relevant Trades:	CONTAINERS
Approximate Duration:	2022 – 2027
Precinct:	Swanson Dock West

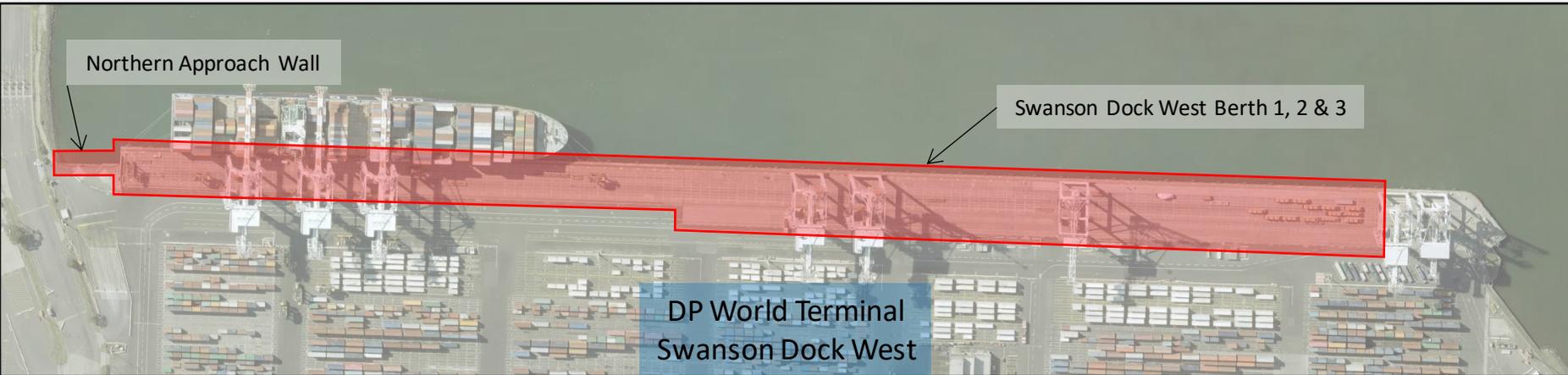
The Swanson Dock West (SDW) berth structures are being remediated so they can continue to handle container vessels for the next 50 years. SDW container terminal is intended to continue to deliver a significant portion of the Port’s container handling capacity.

PROJECT OBJECTIVES

- **Ensure the condition of the existing infrastructure is capable of meeting minimum service requirements:** To ensure the condition of the existing Swanson Dock wharf structures are capable of meeting clause 11 and schedule 8 of the Port Concession Deed (PCD), minimum Port Load Chart requirements and extend the operational service life of the berths for the duration of the Port Lease.

PROJECT SCOPE

Wharf Remediation	<ul style="list-style-type: none"> ▪ Installation of new piles, including associated deck demolition and re-construction works ▪ Remediation of existing piles ▪ Seaside & Landside Crane Rail replacement at Berth 1, 2 & 3 ▪ Fender beam remediation and Berth 3 transverse beam remediation ▪ Deck remediation (soffit & top) ▪ Cathodic protection on exposed re-enforced concrete elements (fender & transverse beams and soffit) ▪ Services (utilities) including remediation of drainage through sheet pile wall
Retaining Wall and Pile Remediation	<ul style="list-style-type: none"> ▪ Remediation (patching and encapsulation) of sheetpile wall at Berths 1, 2 & 3 ▪ Remediation of Northern approach wall ▪ Replacement of protective jackets on seaward piles
Bollard upgrades	<ul style="list-style-type: none"> ▪ Replacement of existing 50 tonne bollards with 100 tonne bollards ▪ Installation of 4 x 150 tonne bollards at Berth 1 to maintain DPW’s ability to accommodate vessels of up to 337m LOA on Berth 2 during the works



SCOPE | What investment solution best meets this need?

Options analysis and Recommended Option

PoM considered a range of construction staging options taking into consideration PoM’s regulatory and contractual obligations, DPWA operations and shipping impacts with the key options outlined in the table below.

The **preferred option (\$281M - \$308M)** was arrived at in consultation and engagement with DPWA. Similar to the SDE Remediation project it balances the need to undertake the remediation works as quickly and safely as possible whilst targeting for DPWA to be reasonably able to maintain a two berth operation during construction (from the current three berths).

Whilst not the lowest in cost, it is considered the most prudent and efficient in balancing the need for remediation with the needs of DPWA and Port users.

Construction Staging Options	Indicative Cost (\$M)*	Tariff Impact ¹	Construction Duration (Years) ²	Advantages	Disadvantages
Option 1: One Stage - occupy full (944m) quay line	219 - 232	Approx. 0.2% increase post TAL	3	<ul style="list-style-type: none"> Shortest construction period Allows multiple work fronts Lowest construction costs Unfettered access 	<ul style="list-style-type: none"> DPW operations cease to operate as vessels cannot berth during construction period. Insufficient capacity in the port to be able to lose more than 1 berth during construction.
Option 2: Three Stages (with early works) restricted 2 berth operation	281 - 308	Approx. 0.3% increase post TAL	4-5	<ul style="list-style-type: none"> Maintains ability to berth up to a 1x337m vessels Provides a consistent and reliable two berth operation including the ability to berth 2 x 300m³ vessels simultaneously. Allows the continued processing of containers at Swanson Dock West. 	<ul style="list-style-type: none"> Construction duration is longer and increased construction costs relative to Option 1 but less than option 3 DPW restricted to a two berth operation from the current three Due to structural load limits and current berthing restrictions related to vessels > 300m LOA, increased number of vessels > than 300m LOA calling at SDW will require VTS exemptions to berth safely.
Option 3: Seven Stage – Prioritised 2 berth operation	427 - 465	Approx. 0.4% increase post TAL	7-9	<ul style="list-style-type: none"> Maintains ability to berth up to a 1x337m vessels Berth availability is maximized throughout the works Provides a consistent and reliable two berth operation including the ability to berth 2 x 300m vessels simultaneously, some of the time during construction (approx. 70%-80% of time). Provides a two berth operation including the ability to berth 1 x 337m vessel plus a 300m vessel for the majority of the works duration (approx. 50% of time). Disruptions are minimized with shorter stages in the crossover zones 	<ul style="list-style-type: none"> Longest construction duration and highest costs; Smaller construction work zones create safety issues Vessel operation will still be impacted when working in crossover zones between B1/B2 (CH281-CH370) and B2/B3 (CH603-CH692)

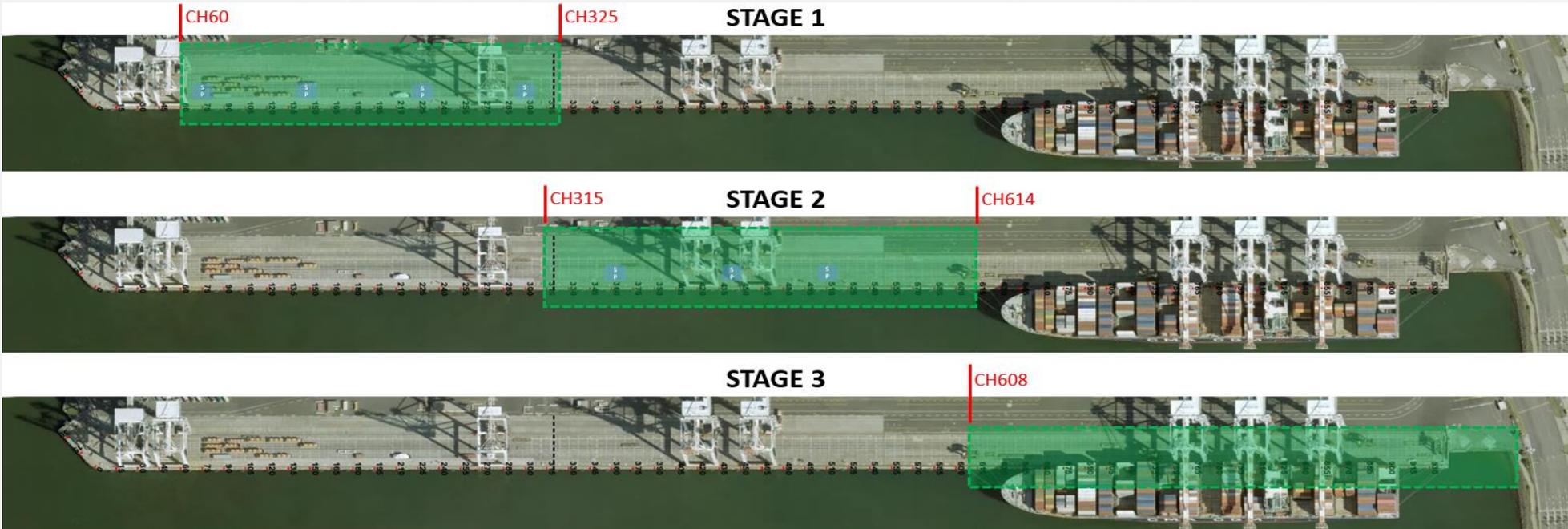
¹ Tariff impacts are shown as the difference in the annual growth rate of tariffs post TAL (2037 to 2066) under the identified option relative to the tariff growth rate that would occur if the SDW remediation project had not occurred. All options have no impact on tariffs during the TAL period.

² Indicative costs based on other projects and desktop analysis. Subject to change based on construction market feedback

³ Staging delineation to be further refined in consultation with DPWA and Ports Victoria to maintain a 2 x 300m operation during the project.

Recommended Option | Three Stage construction staging program

- In collaboration with DPWA over the last 12-15 months; a three-stage delivery program has been developed to minimise operational/shipping impacts as low as reasonably possible with preparations underway to commence Stage 1. Stage 2 and Stage 3 will be subject to further consultation with DPWA prior to finalising.
- Three stage construction program will enable DPWA to maintain a two berth operation for the duration of the works.
 - Commencing in Berth 1 with a planned start of Q1 CY 2023
 - Occupy a full berth providing the most efficient approach in terms of schedule and impacts to DPWA
 - Upon completion of Berth 1, works will continue into Berth 2 and subsequently Berth 3
 - Overall project duration is currently forecasted for circa 5 years.
 - Operations are informed by the success of SDE remediation project
 - The staging allows future optionality for the possible future extension of the Swanson Dock swing basin as noted in our Port Development Strategy.



Remediation period
~18-24 months

~15-18 months

~12-15 months

Bollard Upgrades

Mooring Analysis has identified requirement to upgrade existing bollards

- Mooring Analysis indicates that mooring line loads at excessive wind speeds will exceed the design capacity limits of existing 50t bollards.
- At SDW, the prevailing Westerly/South Westerly winds push vessels off the berth; consequently, the mooring bollards are subjected to higher design wind speeds and greater mooring line loads in extreme wind weather events.
- With the increase in ship sizes, the risk of vessels pushing off the berth has increased in likelihood since FY20, with over 200 vessels calling at Swanson Dock beyond 300m LOA since FY20 compared to zero vessels pre FY20.
- Vessels greater than 300m LOA are required to utilise 150t bollards for bow and stern lines under extreme wind conditions. Under such extreme conditions the existing 50t bollards currently lack adequate capacity for spring and breasting lines.
- PoM considered three options to ensure mooring capability is adequate. The preferred choice is replacing 50t bollards with 100t and installing 4 x 150t bollards in Berth 1.
- Installing 4 x 150t bollards (circa 2024) at Berth 1 enables DPWA to maintain the ability to berth vessels up to an LOA of 337m at Berth 2, while PoM occupies Berth 3 for stage 3 works.

Vessel (LOA)	Current arrangement (50t + 150t in Berth 3 only)			100t bollard upgrade only (100t + 150t in Berth 3 only)			100t & 150t bollard upgrade (100t + 150t in Berth 2 & 3)		
	Berth 1	Berth 2	Berth 3	Berth 1	Berth 2	Berth 3	Berth 1	Berth 2	Berth 3
139									
281	(1)	(1)	(1)						
300			(1)			(2)		(2)	(2)
312			(1)			(2)		(2)	(2)
324			(1)			(2)		(2)	(2)
336			(2)(3)			(2)		(2)	(2)

	Bollard design capacity not exceeded at design wind speed (59 knots)
	Acceptable under certain conditions, refer note (1) and (2)
	Vessel mooring exceeds bollard capacity in most conditions

(1) Mooring analysis indicates that mooring line loads at 59 knot design wind speed exceed capacity of existing 50t bollards

(2) Vessels may only berth in particular arrangements where 150t bollards can be utilised with bow and/or stern lines

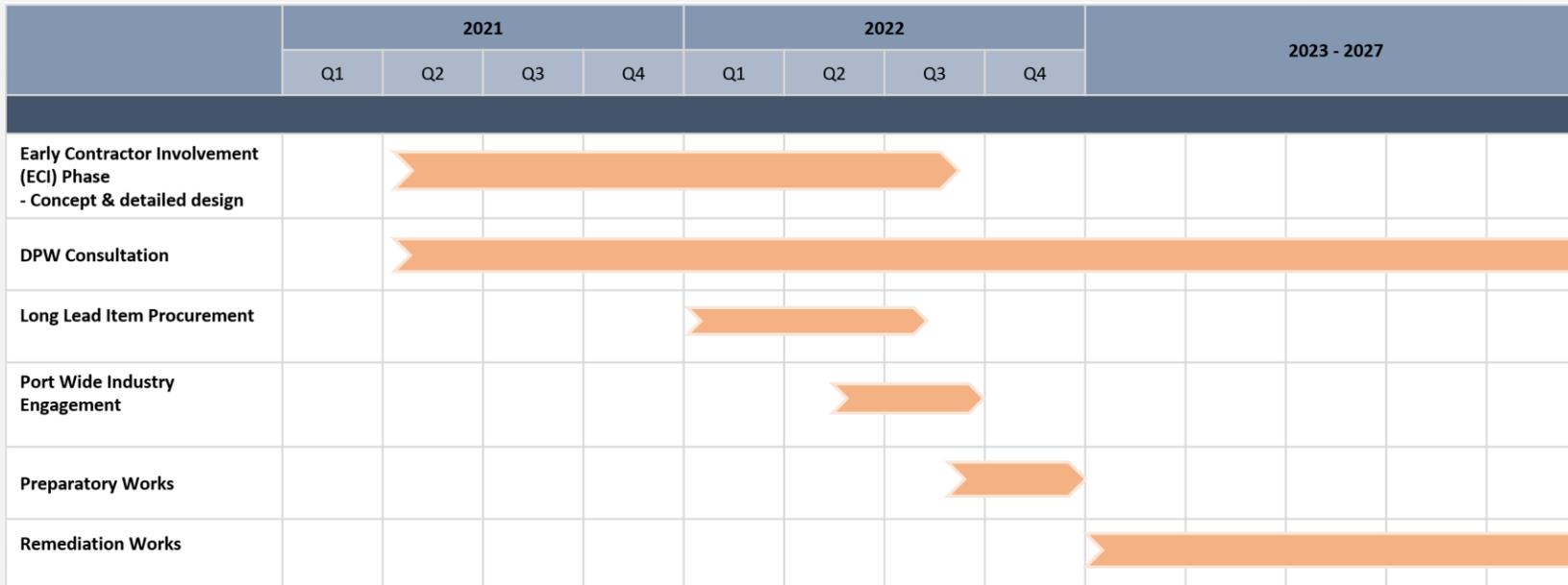
(3) Spring lines risk overloading existing 50t bollards

SUMMARY | Timing of construction has been planned in consultation with DPWA

Engineering analysis and consultation with DPWA has informed the need to undertake the wharf remediation works as soon as possible to avoid the risks of structural deterioration and avoid the need to downgrade wharf load capacity impacting DPWA’s ability to operate as intended.

Project Timing

- The 2019 condition inspection identified the wharf requiring remediation within a 1 to 5 year period.
- Remediation needs to commence as soon as possible so that the project can be delivered to address the project objectives.
- Following continued engagement with DPWA during 2021 and early 2022 on the program, scope and proposed timing, DPWA has advised of a strong preference for the remediation works to commence as soon as possible
- Based on prevailing construction market conditions; remediation works are planned to commence in Q1 CY2023. Delay in commencement is expected to increase the cost.
- Wharf remediation works will commence with Stage 1



FUNDING | How will PoM recover the costs of the investment?

PoM is proposing to recover the investment in SDW from Prescribed Services Tariffs, which are subject to ESC compliance assessment.

Investments in Prescribed Services can be recovered via:

- The **Prescribed Services Tariffs** in the Reference Tariff Schedule (RTS) – all Port Users are subject to the same tariffs for the same service (as defined in the RTS)
- **Negotiated contracts** with Port Users for Prescribed Services – tariffs under these contracts reflect commercial negotiations and therefore may differ from the Reference Tariff Schedule

PoM considers that Prescribed Services Tariffs are the appropriate mechanism for recovery for this investment, on the basis that:

- The expenditure will be included in PoM's Regulatory Asset Base and be recoverable under the Pricing Order. However, tariffs will be unaffected for the duration of the Tariff Adjustment Limit period (at least until 2032 but likely until 2037).
- Is consistent with the approach for the SDE remediation works completed previously



Feedback

Port of Melbourne



Clarification

- Do you have any questions about the need for the remediation?
- Do you have any questions about the staging options considered?
- Do you have any questions about the proposed bollards installation and the potential impact on port users?
- Do you have any questions about the impact of the project on the tariff?

Feedback

- How will the proposed staging approach impact on you or other port users?
- Are there any other impacts you would like us to consider?
- Any other questions or comments?

PoM's Development and Procurement

- Board to make an investment decision to proceed with Stage 1 having regard to feedback from port users and stakeholders
- PoM is undertaking design optimisation and value engineering
- The pricing, schedule and construction approach will be finalised, pending stakeholder engagement activities.
- Procurement of long lead items has commenced with piles delivered in July 2022.
- Preparatory works (i.e. site access and establishment) are to commence in September 2022

Comments and Feedback

- Please take five minutes to complete the survey following the information session – link will be shared in the chat.
- We invite you to submit written responses and feedback about the project by 16 September 2022 to:
 - Email: community@portofmelbourne.com
 - Postal address: GPO Box 2149, Melbourne VIC 3001, Australia
- PoM will respond to feedback received.
- A stakeholder engagement report will be publicly available in coming months.
- If you require further information, please email community@portofmelbourne.com or contact +61 1300 857 662.

THANK YOU

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