



MEDIA RELEASE

PORT OF DARWIN SELECT COMMITTEE

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Visit to Port of Portland

The Select Committee on the Port of Darwin today visited the Port of Portland as part of its investigation into possible legislative frameworks and lease models for Darwin's port.

"The Port of Portland offered useful contrasts and comparisons to Brisbane and Adelaide, the Chair of the Committee, Mr Nathan Barrett MLA, said.

Portland is similar in size to the Port of Darwin. It has five or six lines of bulk export, although no containers.

"One of the notable things about Portland was its customer focus and its emphasis on understanding the businesses that might use its services," Mr Barrett said. "Its costs were largely fixed so profitability depended on keeping cargo moving across the wharf. At the same time, it faced competition in most of its markets, so it needed to be responsive to maintain and grow its business.

In contrast to Brisbane which mainly acted as a landlord, Portland had a high level of involvement in the operation of the port and developed most of the port superstructure. Also, due to the limited land available and the variable nature of commodity markets, it required any sub-lessees to guarantee an annual minimum throughput and only provided sub-leases for as long as an operator was confident of having business.

In common with the other ports the Committee visited, Portland had a strong preference for light regulation and considered that the threat of regulation was a sure guarantee against excessive pricing, while also noting that in practice the market by itself was an effective price regulator. Management also cautioned against regulation that had no benefit, noting that it was subject to wasteful reporting requirements in relation to safety and strategic planning, which duplicated and was inferior to its own internal processes.

All the ports visited have noted that obtaining finance was not a challenge, with there being a range of institutions willing to lend more than they would choose to borrow.

"The Committee has learnt much from these port visits," Mr Barrett said. "Each has had a different business model, served different markets and had a different physical environment. We will need to consider how these lessons can be applied to the Port of Darwin.

"The Committee is also conscious that while there have been some clearly consistent themes coming from discussions from port management, these will need to be tested against the views of port users and others with interests with ports. We are looking forward to hearing these views through submissions and hearings to be held over the coming weeks."

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