



FREIGHT AND LOGISTICS COUNCIL OF WESTERN AUSTRALIA

Mr Michael Deegan
The Infrastructure Coordinator
Infrastructure Australia
GPO Box 594
Canberra ACT 2601

Dear Mr Deegan

National Ports Strategy

On 5 May, Infrastructure Australia and the National Transport Commission released a draft National Ports Strategy for public comment.

The Freight and Logistics Council, together with Ports WA, would like to take the opportunity to make such comment. Our views are included in the attachment to this letter.

Please be in touch with the Council Executive Officer, Mark Brownell, on 9216 8817, should you wish to discuss the matter further.

Yours sincerely

Bob Pearce
Deputy Chairman
On behalf of the Freight and Logistics Council of Western Australia
and Ports WA.

28/5/2010

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***National Ports Strategy:
A Response from the Freight and Logistics Council of Western
Australia and Ports WA
May 2010***

General Reaction

The Freight and Logistics Council of Western Australia, together with Ports WA, commends the recognition of the importance of the country's major ports and the initiative to establish long term coordinated planning of them in this draft strategy.

The key objectives of the approach are appropriate and worthy of support, which we readily offer on behalf of the Council and Ports WA.

The Western Australian economy is strongly export-oriented. This State more than others is reliant on efficient port performance. There is much in the suggested approach to assist this outcome.

The Nature of the Response

The underlying focus of the discussion is on national port infrastructure funding and the associated policies impacting on the efficiency of port asset utilisation and management. We support this focus in recognition of the fundamental importance of national objectives and the policy and planning processes that go into the provision and use of port infrastructure that benefits the country as a whole.

The draft strategy usefully establishes the genesis of a set of policies, principles and processes which could be used to oversight the provision of port services in this country and, in particular, the infrastructure required to underpin them.

The draft, for example, says useful things about:

- recognising the economic significance of ports;
- streamlining approval processes;
- including critical transport corridors in port planning;
- progressing the establishment of buffers for ports and their corridors;
- examining dedicated freight corridors and reserving land for future corridors;
- better monitoring of land-side efficiencies; and
- introducing incentives to maximise land-side efficiencies.

Notwithstanding these positives, we are wary about the underpinning notion of a national port network as the basis for related infrastructure funding decisions.

The reality is that Western Australian ports are, in large measure, geographically remote from the rest of the country and from each other. Unlike ports in the likes of Victoria and New South Wales, there is little risk of duplicated investment across this State's ports or between them and ports in other States and Territories.

Thus we are unconvinced of the need for a national strategy that attempts to coordinate and plan consistent port responses from one side of the country to the other. Such an approach seems unnecessary and ultimately ineffective.

It seems to us that a more realistic and useful approach to the issue would be to develop the policies, principles and processes to which the draft refers and use these as templates against which national port management, policy and funding decisions are judged, irrespective of where they are to be applied. We believe that such an approach would result in better port outcomes for jurisdictions and for industry.

Implementing a National Approach

The draft discusses a wide range of issues impacting on port performance. A number of these would clearly benefit from national coordination and a national approach. They would include, for example, issues of national funding, information systems and regulations. However, we are concerned with the apparent suggestion of a blanket national approach to port planning and operations.

In most instances, any national approach will still be reliant on planning processes, infrastructure investment and port management at a State level. It will not replace them. There is a strong risk that the approach will merely add additional layers of bureaucracy without any commensurate addition of value. The clear emphasis should be on working through existing structures before adding new ones. Otherwise there is a significant possibility of slower and less informed decision-making. There is no evidence of a risk assessment having been conducted on the proposed national approach.

We would also query the effectiveness of a blanket national approach. It would seem unlikely, for example, that an issue of truck queuing at Fremantle Port or of public access to the Broome Port Jetty would benefit from national leadership and intervention. Consequently, we would be concerned with the suggested notion of Federal advisors oversighting State activity in this area.

Port Planning

The draft is overtly critical of present port planning arrangements as the basis of national infrastructure funding applications. In the Western Australian situation, at least, this criticism is unfair and inaccurate. Certainly, there have been some frustrations here in coordinating planning responses across Government, both State and local, and these were readily acknowledged in our initial submission to this inquiry. However, improved communication and understanding across Government is now the very clear focus of the State, working with groups such as this Council, Ports WA and relevant State agencies.

Related thinking at State level is most mindful, for example, that:

- o ports, particularly city ports, tend not to be on green-fields sites and planning challenges are commensurately larger; and

- planning for ports and the related infrastructure decisions need to be on the basis of trade growth over the life of the asset and not some lesser period.

The draft does not appear to give sufficient acknowledgement to these points in its discussion on planning for ports.

The Role of the Public/Private Sectors

The draft places considerable emphasis on Governments providing a port framework that industry can then invest in. At one level, this approach downplays the fundamental role that Governments have in establishing the environment, influencing infrastructure and systems responses to port efficiency and making very large investments in port, channel and inland corridor infrastructure. At another level, the argument that the port investment task is overwhelmingly one for the private sector is simplistic and naive. Industry will not invest in ports unless there is a commercial return available and this is powerfully affected by the basic infrastructure investments made by State Governments. Western Australian ports also have a key role, mandated in legislation, to facilitate trade. Pursuit of this goal often results in returns below those that industry might require. A fundamental and strategic goal of ports would be jeopardised if too greater reliance is placed on the establishment of commercial returns from their operation and any higher level of private sector involvement.

In the light of these issues, limiting membership of the proposed expert panel to persons with 'private sector' experience is unwarranted. Public sector participation in planning for, investment in and operation of port-based logistics chains is crucially important and must be reflected in any arrangements for advice to governments on national port issues.

Landside Arrangements

At the present time, with the exception of infrastructure provision, management and regulation, landside activities around ports are predominantly conducted by the private sector. This reality constrains Government attempts to improve the operational performance of port supply chains through direct intervention. Such might be possible if governance arrangements were amended so that ports could extend their reach and influence along related supply chains and this is a matter worthy of further discussion. However, the fact is that at the present time, such rarely occurs.

What does occur, however, and does need to be recognised, is the need to directly involve industry through groups such as freight councils in decision-making impacting on port efficiency. Indeed, that public-private sector dialogue on strategic policy issues is the whole reason that groups like this Council were established.

Related to this is the fact that Governments, ports, freight councils and port associations, among others, carry out a significant amount of research and other more direct initiatives in pursuit of land-side efficiencies. The appointment of national bodies to conduct this work without a clear understanding of the local commercial and urban planning environments, together with a firm commitment to a cooperative approach, would be a mistake.

The other point that should be made in this discussion is that a number of relationships impacting on port efficiency occur within the private sector and are entirely commercial in nature, for example, among stevedores, container parks, shipping companies, trucking companies and railway operators, customs brokers, information technology and other port service providers. Overlaying these complex relationships with a bureaucratic process, as the draft seems to be suggesting, is likely to be counter-productive. A more constructive approach would be to identify the private sector players who should be leading such discussion and encourage them to work with ports in sharing performance information and improvement opportunities. The private sector players can then progress matters, providing Government is comfortable that the policy context is the right one.

A specific comment should be made about rail services into capital city ports. This State, like most others, sees the success of port rail as critical to the moderation of port truck impacts on the community. Certainly, as the draft suggests, rail access is an important element in this discussion. However, we would suggest that a more important one is the difficulty for short-haul rail in competing with road transport. In the case of Fremantle Port, this has resulted in successive State Governments offering funding support to the port rail operation with a view to the service reaching that critical mass that allows it to achieve the economies of scale required to effectively compete with road transport.

Presentation

There are a number of presentational issues in the draft that detract from related discussion. We suggest that they need to be addressed for the document to form the basis of ongoing dialogue on this issue of national importance. For example:

- a clearer articulation of the actual benefits that would flow from adoption of the suggested approach;
- the identification of key issues and priorities among the many actions and timeframes raised;
- a fuller discussion of the justification for:
 - capital city ports being part of a broader planning process signed off by COAG
 - Commonwealth reviewing the consistency of port legislation and regulation
 - a national management regime led and applied by the Commonwealth
 - Federal agencies providing the expertise for developing port trade forecasts
 - COAG Reform Council overseeing the approach

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