



## VICTORIAN FREIGHT AND LOGISTICS COUNCIL

4 June 2010

The Infrastructure Coordinator  
Infrastructure Australia  
GPO Box 594  
CANBERRA ACT 2601

### **DRAFT NATIONAL PORTS STRATEGY**

Please find attached a submission regarding the "Proposed National Ports Strategy" and a copy of the VFLC's *Port of Melbourne-Dynon Precinct Truck Optimisation Plan; Business Activity Harmonisation Plan and Higher Productivity Vehicle Industry Case*, which are industry-driven approaches to port interface efficiency and traffic congestion issues around our ports.

In Victoria we have benefited from the industry-government dialogue over many years through groups such as VFLC's Freight Intermodal Efficiency Group which has helped to tackle port network issues in a collaborative way. Having Australia's largest container port in a pivotal geography central to our transport networks has meant a strong focus on container logistics. Our focus has been largely on value-added products, although we now have some significant bulk export tasks underway.

Industry's investment in channel deepening has made us keenly aware that we need to optimise this investment. This will mean reducing landside bottlenecks so that terminal capacity can be effectively used.

**Our concern is that Commonwealth involvement in our ports be facilitative and not merely add a layer of complexity or approval to our investment processes.**

In 2005, when we published *Freight Forward* (industry perspective on transport infrastructure requirements) for the first time, VFLC identified the long term protection and corridor planning for our commercial ports as a high priority. I am pleased that a great deal of work has now been undertaken by the Victorian Government to put in place those plans and strategies towards recognising and protecting our trade assets and for planning supply corridors for these ports.

We recognise that further work needs to be done and that in planning for freight rail standardisation, development of the port of Hastings and completion of key metropolitan orbital road networks, national support will be pivotal.

Thank you for the opportunity to submit our comments.

Yours sincerely

**John Begley**  
Chairman

The Draft proposes four key elements to the National Ports Strategy –

1. Planning for relevant ports;
2. Protection of the ability to execute plans;
3. Improving landside efficiency and reliability; and
4. Clarity, transparency and responsibilities in ports.

VFLC supports these elements as vital to the performance of trading ports. What is less clear is the value proposition for Commonwealth involvement in Victoria's port planning beyond co-funding major corridor plans and co-investing in infrastructure.

Each commercial port in Victoria has a strategic land use plan. The State Government has developed *Freight Futures*, a state-wide network plan and *Port Futures*, specific to port development. The Victorian Government is now turning to the question of landside efficiency of the gateway container port through its Discussion Paper *Shaping Melbourne's Freight Future* - currently in consultation with industry. These documents largely respond to industry concerns raised over the past decade regarding the need for effective strategic planning of port networks (*Freight Forward 2005, 2007, 2010; A toolkit for the Development of Intermodal Hubs in Victoria 2007*).

While the task of implementation is before us, this State has substantive planning directions endorsed by industry. We recognise this may not be the case in other jurisdictions and would endorse Commonwealth support for these cascading plans to be developed through state governments in each jurisdiction.

**We can acknowledge the difficulty for any state planning portfolio to deliver planning instruments without clear policy and strategy references from their relevant transport portfolio.**

It is unclear what powers or legislative base will be required to oversee plans for state-owned ports, or indeed, privately owned ports from a national level. This makes it difficult to then grasp the role of the four independent industry leaders operating as an independent panel to work with the NTC to implement the National Ports Strategy. Is there a need for such a mechanism vis-à-vis the core role of government and what additional competency would such a panel deliver?

The recommended actions for protection of ports in implementing plans are –

- a nationally consistent environmental management regime;
- use of strategic and streamlined assessment processes;
- use of lead agency framework in each jurisdiction;
- introduction of "buffer" strategies in policies and plans; and
- assessment of the effectiveness of the above.

Again, here in Victoria we are on the front foot with the strategic port land use plans, the current review of port and environs land use controls and a review of the EES process. While these will assist in protecting the port and corridor assets, some of the strategic corridor work remains to be done, eg: rail corridor to Hastings. We are also not confident that Victoria has the settings right for assessment of major projects such as channel deepening, which demonstrated richly the flaws in our EES processes and the narrow economic appraisal models used for planning approvals.

We support nationally consistent processes for environmental management (eg: ballast water) and assessment processes for nationally significant port infrastructure projects. Trade is a global business and state-level (and in some cases port-level) regulation is inefficient for international transport operations.

In relation to planning, this may be done effectively by recognition of state processes (eg: EPBCA) in Federal approvals or through specific facilitation of nationally significant port projects.

The recommended actions for landside efficiency include –

- research to analyse the success of various approaches;
- oversight of coordination along container supply chains;
- incentives along supply chains;
- use of port roads as test cases for road reform program;
- use of ICT;
- greater understanding of regulatory constraints on sharing of information; and
- greater supply chain coordination.

The VFLC recognises it is difficult for port managers to effectively “look both ways” in managing water-side and land-side interfaces. The extent of influence on land-side logistics efficiency is often limited and too frequently revolves around punitive measures without sufficient incentives to induce outcomes for public benefit from private investors (eg: externalities; network optimisation).

The VFLC has a wealth of industry knowledge in this arena and recognises that change must come from within industry and more importantly, from port users – Australian traders – who are in a position to drive changes in the culture of our supply chain and logistics planning. This is an area where Commonwealth support in terms of regulatory settings and industry change management programs would assist. These are largely cross-portfolio strategies that might populate a national port strategy.

We have found that the approach of “whole-of-supply-chain” coordination attracts competition concerns and the reality or perception of intervention by the national economic regulator can be counter-productive to efficiency. This may be an area where clarification of competition rules is warranted.

The VFLC welcomes efforts at the national level to gain improved data on land-side logistics, rail and road performance. We also welcome a national approach to port community portal systems to be extended from berthing, dangerous goods management, terminal bookings through to visibility in transport operations and container management. Road space access based on time, mass and distance pricing is already being trialled to some extent in Victoria through the HPFV trial. The VFLC’s work on examining a number of significant freight tasks indicates there are productivity gains to be captured through a rollout of HPVs on the principal freight network. A framework which links infrastructure improvement to these gains will be of strong interest to industry.

The recommended actions regarding clarity, transparency and responsibilities relating to governance of ports, include –

- principles for the role and functions of port authorities;
- principles for freight corridors and roads for these ports; and
- achieving consistency in legislation and regulation.

The detailed principles focus on the trade facilitation role of port authorities, endorsing off-port investment and road freight access levies.

A balance between utilisation of port corporations as collection points for infrastructure taxes and retaining international competitiveness must be struck. Without a nexus between funds collected and funds invested in transport network performance, industry will be loath to support ports taking on this role.

Congestion is generated by a broader group of network users than port users. For example, truck traffic studies at the Port of Melbourne demonstrate less than 50% of trucks in the precinct are accessing the Port.

In relation to the proposed governance review of public ports at the end of 2011, it is unclear how this will be implemented in the context of existing state governance arrangements that involve policy Ministers, government owned corporation (GOC) legislation and port entity corporate charters. It is also unknown what the Commonwealth would do to address any entity reviewed as unsatisfactory.

## **Conclusion**

There is no doubt that industry benefits from increased levels of certainty around port planning.

The Draft would benefit by **more detail around governance arrangements for the facilitation of composite state-based plans into a truly national plan**. While advisory bodies can assist, it is the core responsibility of government departments to provide advice. **A proliferation of "independent" bodies creates a logistical challenge in itself with multiple facets industry must engage**. The value of such a body specifically for ports or freight outside the core divisions of the Department of Transport, Infrastructure, Regional development and Local Government would need to be articulated.

The Commonwealth is well placed to provide **frameworks for port planning, investment appraisal and ICT systems, access and economic regulation** that facilitate efficiency in industry. These can be taken up by state jurisdictions or used by industry to gain productivity. For example, the national heavy vehicle regulator will provide a consistent approach to higher productivity vehicles, which will in turn benefit productivity and network congestion.