

August 28, 2020

The Secretariat
Independent Review of the Victorian Ports System
Department of Transport
1 Spring St
MELBOURNE VIC 3000

via email: portsreview@transport.vic.gov.au

RE: Submission – Independent Review of the Victorian Ports System

The Australian Logistics Council (**ALC**) is pleased to make this submission addressing several questions raised in the Discussion Paper for the *Independent Review of the Victorian Ports System* (the Review).

ALC is the peak national body representing the freight logistics industry with a focus on national supply chain efficiency and safety.

The efficient delivery of freight relies on adequate transport infrastructure, and Victoria is home to Australia's largest capital city container and general cargo port, the Port of Melbourne.

ALC has not chosen to respond to every individual question contained in the Discussion Paper, but rather to focus on those questions most directly relevant to enhanced supply chain efficiency and safety.

ALC's comments are largely focussed around the need for Victoria's planning systems and instruments to make certain that port operations (and particularly those at the Port of Melbourne) are not inhibited by ineffective approaches to planning, or the imposition of curfews and other restrictions that act as a handbrake on efficiency and limit economic opportunity.

Q.1 – a) Do you think the suggested vision statement above captures the key desirable attributes of the Victorian ports system?

b) How would you change or improve it?

ALC is broadly supportive of the 'vision statement' as it appears in the Discussion Paper.

However, it could be strengthened by incorporating an explicit acknowledgement of the need for ports to be efficiently connected to other key freight transport modalities (ie. road and rail links) and for planning systems to ensure ports retain the operational flexibility they need to meet continued growth in the freight task.

Q. 6 - a) Do you have any comments on the findings of the PPAR? Do you strongly agree or disagree with any of the findings? Are there key issues you think are not adequately addressed?

b) Do you have any comments on the recommendations of the PPAR? Do you strongly agree or disagree with any of the recommendations?

ALC notes the Port Pricing and Access Review (PPAR) is an ongoing process and encourages the Victorian Government to continue to consult proactively with all parts of the supply chain to ensure stakeholder concerns are addressed.

In particular, ALC encourages the Victorian Government to ensure that any regulatory changes that may ultimately flow from the PPAR do not add to cost burdens on industry participants, or duplicate existing reporting requirements.

Further, it is important to remember that although this review is primarily focused on the Victorian Ports System, the state's ports play a vital role in national supply chains.

Accordingly, it is important that the Victorian Government ensures any regulatory changes it makes do not lead to perverse outcomes and act as a disincentive to investment in Victorian freight infrastructure.

Q 7. a) In relation to component A of the VPPM, do you think: • this protocol will improve the transparency and predictability of price increases?

- there are other notification provisions that should be considered?
- stakeholders would be willing to comply with this protocol?

b) In relation to component B, do you think:

- these are the right performance indicators to measure performance at the Port of Melbourne?
- there are additional performance indicators which should also be considered?
- the data is available to support the reporting of these indicators?
- stakeholders would be willing to provide this data?

c) In addition to stevedore charges and landside operations, do you think any other port related interface services/ charges should be included in a monitoring/ coordination arrangement (e.g. shipping line charges)?

ALC understands the complexity of the issues faced by the Victorian Government in determining an effective and transparent approach to monitoring port related charges.

In the design of an effective Voluntary Port of Melbourne Performance Model (VPPM), we strongly encourage the government to keep transparency top of mind in determining an agreed approach with the whole of the industry.

It is imperative that any agreed model does not 'single out' one component of the supply chain, but rather focusses on ensuring enhanced efficiency, competition and productivity across the entire supply chain. Maintaining cost-competitiveness is essential – and it is

important for any model developed to promote outcomes where increased charges can demonstrably be linked to productivity improvements. This is a fundamental aspect of the enhanced transparency to which all parties aspire.

To ensure this outcome, ALC urges the Victorian Government to proactively engage with representatives across the entire supply chain (including the port operators, stevedores, landside transport operators, shipping lines and customers) to ensure a comprehensive and transparent suite of performance management indicators can be incorporated into the VPPM.

The Victorian Government should then commit to a schedule of regular and transparent reporting against these indicators, so that all supply chain participants can see whether the VPPM is delivering on its intended outcomes.

As per comments earlier in this submission, it must also be remembered that Victoria's ports are part of a broader national supply chain.

To that end, ALC encourages the Victorian Government to work with other jurisdictions to ensure the introduction of the VPPM (and any monitoring associated with it) is broadly consistent with approaches taken in other jurisdictions.

Q 14. a) Would you like to comment on the need for and role of a new Victorian Ports Strategy? What key content areas should it cover?

b) If you had to nominate the three most pressing strategic issues that a new strategy should address, what would they be?

ALC believes the development of a new Victorian Ports Strategy is an appropriate way to promote greater certainty for all parts of the supply chain and to commit to a consistent and transparent approach to planning that will permit Victoria's ports (and particularly the Port of Melbourne) to accommodate a growing freight task.

Any new Victorian Ports Strategy must also be developed in a way that that is consistent with the *National Freight and Supply Chain Strategy* agreed to by all governments (including Victoria) in August 2019.¹

ALC encourages the Victorian Government to ensure any new ports strategy explicitly addresses:

- The provision of effective connections to other key freight infrastructure (road, rail and intermodal terminals);
- The supply and use of land specifically zoned for 'freight and logistics' tasks; and
- Reform of planning systems and controls to provide the operational flexibility ports will require to efficiently meet a growing freight task in the decades ahead.

¹ See <https://www.freightaustralia.gov.au/sites/default/files/documents/national-freight-and-supply-chain-strategy.pdf>

In terms of the most immediate issues a new strategy should address, ALC encourages the Victorian Government to focus on:

- Providing efficient connections for the Port of Melbourne to the Inland Rail (now under construction) and the proposed Western Interstate Freight Terminal (WIFT) and Beverage Intermodal Freight Terminal (BIFT);
- Protecting freight corridors and land that will permit the establishment and operation of additional freight infrastructure needed to meet a growing freight task (including linking Webb Dock to the Port of Melbourne's freight rail network); and
- Removing outdated operational restrictions and curfews that deny port operators and the customers the flexibility they need to operate efficiently in a modern national 24/7 economy (see next section for greater detail).

Q. 15 a) Do you think the current planning system in Victoria and associated port-related tools provide sufficient protection for ports from encroachment by adjacent land uses?

b) If not, what are the main weaknesses in the system and what would you change?

In ALC's view, challenges associated with planning are among the most pressing issues facing major ports around Australia – particularly those (including the Port of Melbourne) which are located immediately adjacent to major capital cities.

Continued urban population growth and the increased desirability of inner-urban living is placing enormous pressure on ports and logistics facilities immediately adjacent to them, as land previously zoned for industrial use is rezoned for residential development.

This has resulted in two negative consequences for the freight and logistics sector:

- i) a reduction in the supply of land available to expand key freight facilities to meet a growing freight task; and
- ii) the imposition of restrictive regulatory practices – such as noise curfews and bans on heavy vehicle access – as governments seek to appease residential interests.

Where there is conflict between the efficient operation of freight logistics infrastructure and increased population densities, too often it is the latter that will win.

For too long, terms like 'industrial land' or 'employment land' have been used as a catch-all when discussing non-residential land use, particularly in urban areas.

Yet as our growing population increases demand for land, the application of such broad terms in planning instruments is no longer sufficient to ensure the operational flexibility that those involved in the freight and logistics sectors require.

For instance, land that is broadly zoned for 'industrial' or 'employment' purposes may still ultimately allow the establishment of a facility selling bulky consumer goods, or even retail outlets, in close proximity to a critical freight facility, such as a port.

The construction and operation of such a facility can give rise to increased traffic congestion on roads that provide the only access to and from freight facilities. This conflicting land use impedes supply chain efficiency and may also present safety risks.

ALC has consistently recommended that, in order to provide certainty for all parties and prevent future land use conflicts, state governments should move to incorporate 'freight and logistics lands' as a distinct category in their planning instruments.

This will provide greater certainty for the owners and operators of freight infrastructure (including ports) and for local communities by ensuring all parties clearly understand facilities located on such land are permitted to operate on a 24/7 basis, and should not be subjected to operational restrictions such as curfews.

One of the resultant factors from the COVID-19 pandemic has been an increased community appreciation of the importance of supply chain efficiency, so that the 'empty shelves' scenario that emerged as a result of panic buying can be avoided in future.

In June 2020, ALC commissioned research² into community attitudes towards freight in the wake of the COVID-19 pandemic. As part of that, respondents were asked for their views on a range of issues, including the removal of curfews and operational restrictions on facilities such as ports and the need to incorporate 'freight and logistics lands' as a distinct category in planning schemes.

The results indicated:

- clear support for permitting essential logistics infrastructure including ports, warehouses to operate at night to facilitate more efficient freight movement (67 per cent support, with just 7 per cent opposed); and
- strong support for the incorporation of 'freight and logistics lands' as a separate category within planning systems (48 per cent support, with just 6 per cent opposed)

These findings should provide the Victorian Government with confidence that the community is prepared to support changes to regulations that will help make certain households and businesses have reliable access to the essential items they need.

Q. 17 a) Do you think there is a need for a formal, standing industry consultative body to provide the Minister and/or relevant government agencies with advice on ports system issues and priorities?

b) If yes, what form should this body take in terms of role, membership, operation, etc.?

c) Would it be better to incorporate ports system issues within a broader freight and logistics industry consultative body?

ALC would strongly support the establishment of a formal standing industry consultative body under the leadership of the Minister for Ports and Freight.

² See <https://www.austlogistics.com.au/policy-advocacy/curfews/>

ALC participates in several such consultative forums in other jurisdictions, and they are a vital mechanism in helping decision-makers to understand issues and challenges from a whole-of-supply-chain perspective.

A formal ministerial freight council (or similar) body drawing its membership from Victoria's major freight infrastructure owners/operators, freight transport operators (across all modes) and representatives of peak freight transport bodies meeting quarterly would be an excellent way to ensure there is a regular opportunity for all parts of the supply chain to highlight issues and concerns directly to the responsible Minister.

Conclusion

ALC appreciates this opportunity to provide comment on relevant issues contained in the Discussion Paper and would welcome any further opportunity to engage with the Victorian Government to clarify the issues outlined in this submission.

Please contact me on 0417 142 467 or via email to kirk.coningham@austlogistics.com.au should you wish to discuss this submission in further detail.

Yours sincerely



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