

Port of Melbourne



Port of Melbourne Operations Pty Ltd

Submission to Productivity Commission

Vulnerable Supply Chains Study

30 April 2021



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Ms Catherine de Fontenay
Commissioner - Vulnerable Supply Chains Study
Productivity Commission
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Docklands Vic 3008, Australia
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Dear Ms de Fontenay,

Productivity Commission - Vulnerable Supply Chains Study - Port of Melbourne Submission

Port of Melbourne Operations Pty Ltd (PoM) is pleased to provide a response to the Productivity Commission's Vulnerable Supply Chains Study. As Australia's largest container port, the Port of Melbourne is a vital trading hub for south-eastern Australia, facilitating more than one-third of the nation's container trade and playing a critical role as a key driver of economic activity.

PoM has invested more than \$280 million towards supporting trade growth and the Victorian economy. We are focused on providing world-class port facilities and services, and committed to investing in Australia's supply chain infrastructure, to drive efficiencies and productivity that support our economic future and respond to trade needs over the short to long-term. The Port directly contributes 19,600 jobs and \$6 billion to the Victorian economy each year and is committed to servicing the Victorian economy.

As has been the case during other supply chain disruptions (natural and seasonal events, bushfires, international biosecurity threats and industrial action), PoM worked closely with port users across the entire supply chain, to ensure goods continued to be moved with minimal disruption during the COVID-19 crisis. And, as we look toward the future and seek to rebuild our economy, PoM has a vital role to play.

The vast majority of containers collected from the port (87%) are delivered to destinations within metropolitan Melbourne – generally within 50km of the port, this highlights the advantage of the Port's central location in greater Melbourne with:

- 26% of import containers delivered to the outer west such as Laverton North and Altona
- 25% of import containers delivered to outer south-eastern suburbs such as Dandenong
- 19% of import containers delivered to northern suburbs such as Somerton and Tullamarine¹

As a major Victorian trade gateway, an economic asset of State significance and an important contributor to Victoria's economic prosperity, it is essential that current and future operations of the Port are both sustained and enhanced. In return the Port plays a vital role in underpinning economic growth in Victoria, and securing the port supply chain for all stakeholders.

Enhancement of the port freight supply chain needs to encompass a range of issues including:

- landside transport efficiency and capacity
- the move to high productivity and high efficiency freight vehicles
- investment in freight infrastructure as a network
- integration with industrial land uses
- the separation of passenger and freight rail services where networks are shared.

¹ 2050 Port Development Strategy – 2020 Edition

We recognise that significant progress is being made to deliver new infrastructure projects to encourage a mode shift to rail – this is strongly encouraged and should be supported with similar investments in the operating environment to drive productivity and efficiencies for rail freight. We also recognise however, that road will continue to play a significant role in servicing the future freight needs of Victoria. At present, over 11,000 trucks visit the port each weekday. Our forecasts suggest over the next 30 years we can expect over 10,500 trucks per day to visit Swanson Dock alone and over 9,300 trucks per day to visit Webb Dock.

Irrespective of the mode that freight utilises, its origin or destination, the supply chain involves numerous stakeholders, all vulnerable to disruptions. The Commissions Vulnerable Supply Chains Study can play a significant role in highlighting the complexities of the supply chain, and supporting the efforts of supply chain participants in maintaining a sustainable, reliable and competitive freight sector, by:

- **Recognising the economic importance of ports and the connected supply chain** – Ports are critical economic assets and need to be recognised as being integral to the strategic land use and transport planning undertaken within Australia
- **Promoting protection for the port interface and transport routes through stronger strategic and integrated land use planning** – Protection is required both at the port interface and along key transport routes to ensure that the critical economic activities undertaken within ports (both current and future) are able to continue
- **Ensuring appropriate industrial land allocation and transport connections** – Ports, land transport networks (road and rail) and industrial land in combination, form an integrated port related logistics system and need to be considered together to ensure that the system as a whole is not constrained (including providing modal choice for importers exporters)
- **Advocating for further investment in road and rail networks to support freight** – Melbourne metropolitan transport congestion will continue to grow – pegged to Melbourne’s population and as a result, continued investment in the arterial road and rail network complemented by systems to ensure best use of the infrastructure is important for the delivery of productive and efficient freight transport
- **Ensuring public transport investment recognises and supports freight activities** – Investment in public transport can also support freight activities by liberating road network capacity for port and other freight users
- **Promoting the need for rail to play an increased role in the port freight task** - All existing port rail freight is associated with regional exports, however with the current investment program in rail, consistent with Government policy, there are significant efforts at play to improve rail mode share. International container volumes at the Port of Melbourne are expected to grow from 3 million twenty foot equivalent units (TEU) in 2019 to around 8.9 million TEU by 2050. If the state is to achieve any significant rail mode share for this growing freight task, the Principal Freight Network must ensure appropriate rail network capacity is preserved for freight.

The attached submission addresses issues covered by the Productivity Commissions *Vulnerable Supply Chains Interim report released on 26 March 2021*, specifically:

- The Risks and Significant Vulnerabilities The Supply Chain Faces
- Australia’s Part in Global Supply Chains as an Importer and Exporter
- Disruptions an Regional Areas and Export Market
- Supply Chain Vulnerabilities
- Policy Framework for Identifying Supply Chain Vulnerabilities

Should you have any questions regarding topics covered by this submission please don’t hesitate to contact, me

Caryn Anderson
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General Comments

The COVID-19 pandemic has demonstrated the overall adaptability and agility of our freight and logistics sector to keep the Australian economy going. Despite the significant disruptions experienced over the past 12 months, we have seen the freight and logistics sector respond and adapt to a range of challenges including for example; increased regulatory controls, supply constraints, elevated demand, equipment shortages, changing distribution markets etc.

While in general Australia's supply chains have held up well during the COVID-19 pandemic, there has been significant pressure placed on all stakeholders, with some left some vulnerable and the pandemic has also identified potential future vulnerabilities.

PoM understand The Commission is particularly interested in understanding:

- the nature and source of risks to the effective functioning of the Australian economy and Australians' wellbeing associated with disruptions to global supply chains, identifying any significant vulnerabilities and possible approaches to managing them
- Australia's part in global supply chains as an importer and exporter
- how industry stakeholders manage and respond to disruptions in export market conditions and access
- the impact that these disruptions can have, including in regional areas
- the factors that make supply chains vulnerable
- a framework for identifying supply chains that are vulnerable to the risk of disruption and also critical to the effective functioning of the economy, national security and Australians' wellbeing
- trade and other relevant data to identify supply chain vulnerabilities
- risk management strategies, including the roles of, and options for, government and businesses to manage supply chain risks.

Port of Melbourne is committed to practical approaches and actions that optimise existing capacity and productivity before delivering new infrastructure. We will work with all stakeholders to facilitate greater supply chain efficiencies and promote environmental and social responsibility within the Port community. All of these activities will ensure we are able to respond effectively to trade demand growth and make a positive contribution to the broader community through the following development objectives:

1. Working with tenants to optimise on-port productivity
2. Delivering on-port capacity to respond to demand growth
3. Supporting delivery of off-port supply chain productivity
4. Promoting environmental and social awareness within and around the Port
5. Creating value for all port stakeholders.

1. Risks and Significant Vulnerabilities

The nature and source of risks to the effective functioning of the Australian economy and Australians' wellbeing associated with disruptions to global supply chains, identifying any significant vulnerabilities and possible approaches to managing them.

Findings from the Productivity Commission *Vulnerable Supply Chains – Interim Report* published in March 2021 (the Interim Report) suggest that one-in-twenty Australian imports might be vulnerable to concentrated sources of global supply and that for many vulnerable imports the main supplier is China, accounting for roughly two-thirds of those products. It is important that ports around Australia including the Port of Melbourne remain open and operational to ensure that vulnerable imports and exports can move through sea ports especially during times when air services cannot be relied on - or where they are not appropriate. Our economic reliance on sea port gateways was apparent during the pandemic, during which time containerised trade at the Port of Melbourne increased by 10.9% for the financial year to February 2021, with overseas and coastal volumes contributing 11.5% and 7.4% respectively.

1.1 Sea Ports as both Critical Infrastructure and Essential Service

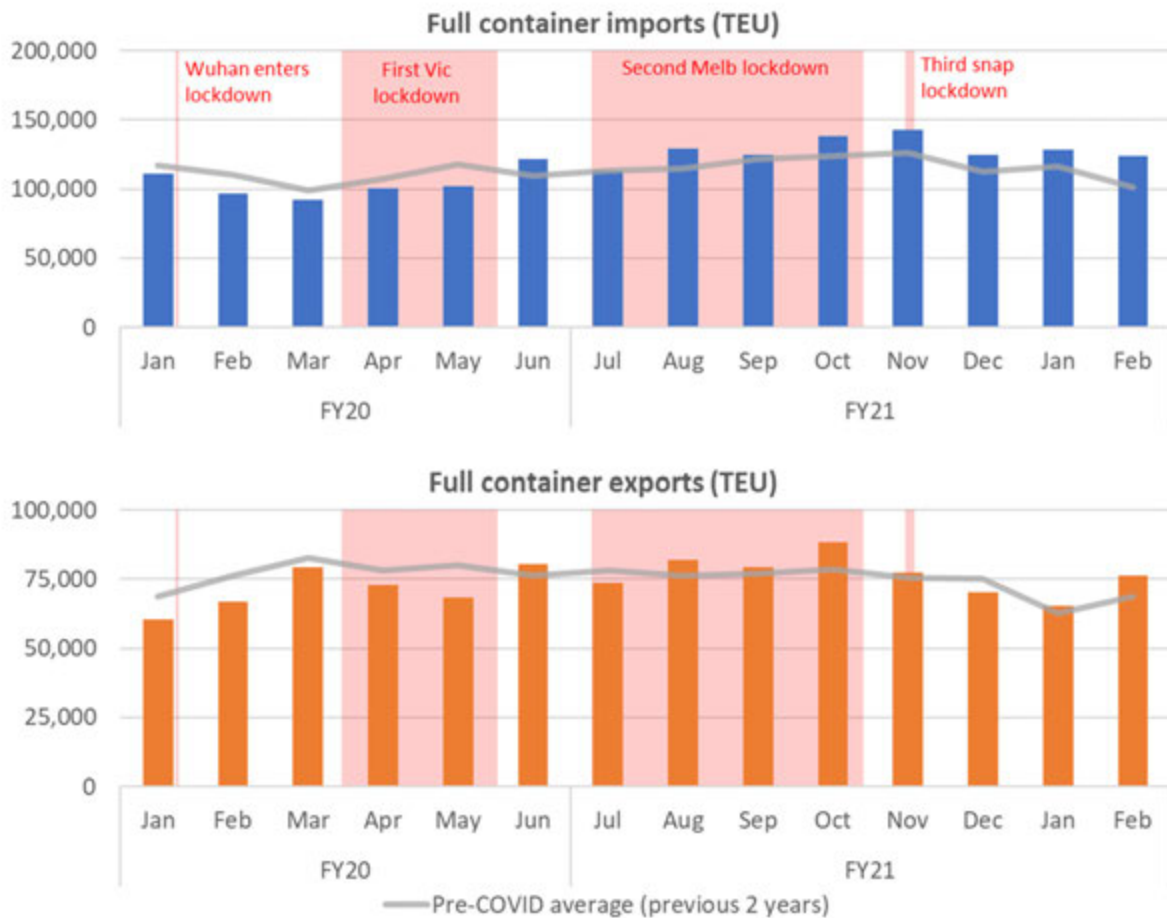
1.1.1 Critical Infrastructure

The Port of Melbourne is a critical economic asset and an important node in supply chains that needs to be recognised as an integral component to strategic land use and transport planning undertaken within Victoria, to ensure efficient movement of freight, and the continuity of supply chains. The Productivity Commission's Interim Report highlighted that bottlenecks in transport links including that reliance on ports may result in significant delays, in the event of unplanned disruptions such as the recent labour dispute in the port of Port Botany.

Ports are critical infrastructure assets that deliver on the Australian Government's strategy to protect the essential services and infrastructure that all Australians rely upon which is critical for our wellbeing, economy, security and sovereignty. The port freight supply chain is comprised of a complex network of private entities, private sector investment and generally public network infrastructure which requires a highly collaborative industry wide coordination to ensure that services and systems remain open to enable the movement of goods and mitigate the impact of domestic infrastructure risks.

1.1.2 International Trade

Ports are important nodes in the supply chain and rely on other supply chain participants to ensure the smooth movement of cargo. During the pandemic, the closure of manufacturing facilities in China created a shortfall of container volumes and container shipping lines, consequently reducing services to Australia due to the lack of demand. When manufacturers in Asia resumed production, consumers in the rest of the world had only begun to enter "lockdowns" as the pandemic spread. Shipping services to/from Australia continued at reduced levels impacted by blanked (skipped) sailings and the additional health regulations on seafarers' disrupted schedules. As countries adjusted to the 'new normal', the restriction on services such as air-travel and hospitality shifted consumer demand from services and travel to goods. While the majority of these goods may not be deemed essential, the strong demand for imported goods created a shortfall of container equipment and freight rates increased on the back of tight supply capacity. For example, south bound freight rates from China rose from around US\$900 per TEU in January 2020 to around US\$2,400 per TEU in December 2020.



1.1.3 Coastal Trade

Coastal shipping has been an important part of the Australian port supply chain for many years and is a well-established and efficient freight supply chain for a number of specialised bulk commodities, shipping routes and cargoes of opportunity. These supply chains have established in response to a number of key characteristics which enable the dynamics of coastal shipping to efficiently support these trades.

There are a number of bulk commodities that are moved by coastal shipping. Liquid bulk commodities rely on coastal shipping to relocate products across Australia as part of a national supply chain to balance supply across the country and a number of dry bulk chains that are operated predominantly by companies that have a value add, manufacturing facility in Melbourne. Products such as gypsum and sugar are imported in bulk from other states for processing and contribute to the raw materials that feed into building manufacturing supply chains in the state.

While some of the mainland coastal trade could be achieved by road or rail, for large volume commodities this would be uneconomical. On the other hand, the Bass Strait operations between Tasmania and Melbourne constitute a significant trade route connecting Tasmania with mainland Australia and international markets, and cannot be replaced by other modes.

1.2 Urban Development and Encroachment

Urban growth and development is increasingly placing pressure on inner city industrial land in general, and the PoM Lease area specifically. Changing social and environmental expectations of neighbouring communities has the potential to affect port operations and future development plans and the desirability of waterfront land for residential and office uses is intensifying. Land use challenges around the Port have become evident over the last decade in areas like Yarraville and Footscray, Fishermans Bend, Garden City, Docklands, E-Gate and Williamstown.

To protect the seamless movement of freight within the logistics and supply chain, land use planning controls need to ensure that any new use or development takes into account the potential effect of current and future port operations on the land and does not introduce incompatible activities that would prejudice the undertaking of efficient and effective PoM operations, based on both current and forecast future trade levels. The Victorian Government has made the commitment that the Port of Melbourne will remain in its current location by entering into the Port Lease until 2066 so in turn must strengthen the planning framework that surrounds the port (and its connecting transport links) to safeguard the current 24 hour, 365 day operations as well as achieving State policy certainty in providing the capacity needed to accommodate the growth in trade.

During COVID we saw a number of jurisdictions relax operational controls on freight movements that had been established in response to planning constraints. These operational controls were recognised to restrict freight movements and were relaxed to enable the efficient movement of freight. We would strongly encourage a review of such operational controls and more systemically to adopt appropriate strategic planning and planning controls to ensure operational restrictions are not imposed on our freight supply chains.

1.3 Freight Movements to and from the Port of Melbourne

Freight movements are essential to business and the economy, this has been demonstrated clearly through the recent COVID-19 pandemic environment where freight played a critical role in supporting the economy. Ensuring that commercial ships have easy access to the Port, that cargo is efficiently handled at the Port and that freight is easily transported on land without curfew, helps to reduce the costs of doing business in Victoria. The building, manufacturing, retail, food, agriculture and petroleum industries rely heavily on the Port and its transport connections – and as a result, our day-to-day lives depend on the Port and associated freight supply chains running efficiently. Simply put, the better the Port works, the better Victoria works.

As our population grows and interstate and international trade increases, the demand for access to Melbourne's Port will continue to grow. Each day, the Port handles around 8,000 twenty-foot equivalent units (TEU) of containers carrying a range of consumer goods including textiles, medical supplies, clothing, toys, furniture and household appliances. It also handles significant volumes of other goods such as building materials used to construct our homes and infrastructure as well as petroleum products which fuel industry and passenger and freight vehicles. The port also is the gateway for agricultural based export products.

The population of Victoria is centralised around only a few central metropolitan hubs, the largest being Melbourne, therefore the overwhelming majority of imported containers (87%) which arrive at the port are delivered to destinations within metropolitan Melbourne – generally within 50km of the port.

The port is also the gateway for agricultural based export products servicing the export cargo catchment areas of Regional Victoria, Southern NSW and the Eastern parts of South Australia. It is therefore important that domestic supply and logistics chain remain open to keep the local economy moving.

Similarly on the marine side, the PoM services a variety of ships to cater for the different cargoes that go through the Port. The PoM handled over 2,850 vessel arrivals in calendar year 2020 of which close to 900 were container vessels. The port is vulnerable to disruptions as seen through the industrial action at Port Botany during 2020 where vessels were re-directed to other ports for loading and discharge and in some cases omitted port calls to maintain schedule reliability. Besides the monetary costs associated with supply chain disruptions, the COVID-19 pandemic highlighted the importance of keeping sea ports open when freight capacity from air freight was significantly reduced to ensure that essential goods keep moving.

We live in a global economy and PoM will continue to connect Victorian businesses to global markets by supporting in-bound and out-bound trade, which is vital to our economy and our way of life.

2. Australia's Part in Global Supply Chain

The Productivity Commission Study highlighted that imports contributed around 16% of gross national income in 2016-17 or AU\$ 272 billion. The Study also noted that not all imports may be considered as essential Australian industry, the Australian economy, and of national interest, where sequences of any disruption to imports of clothing apparel, for example, would be less than the consequences of a disruption to the imports of fuels and pharmaceuticals.

While this may be true, PoM is of the opinion that the restriction in trade would have a flow on effect on the economy that will impact on jobs, disposable income and consumption. An economic impact study conducted by Deloitte Economics for the Port of Melbourne highlighted that it is one of Australia's most important infrastructure assets, and contributes \$6 billion to the Victorian economy.¹

The disruption and the vulnerability of supply chains was evident during the COVID-19 pandemic. The initial restrictions in China during the start of the pandemic that extended beyond the *Lunar New Year* holiday to March 2020, made it difficult for importers to bring goods into Australia. The blank-sailings from China, additional health compliance on seafarers and the general slowdown of imports due to supply side factors made it difficult for consumers to source goods in a timely manner. International vessel calls were changing regularly with port omissions to accommodate the reduced cargo out of Asia. This also affected exports with less shipping services to move cargo overseas.

As restrictions in China lifted and manufacturing activity increased, the rest of the world introduced COVID-19 restrictions, the domestic supply chain became affected with the surge of import volumes arriving (orders pre-COVID-19) and warehouses full due to the inability to distribute goods into retail and end consumers as a result of movement controls imposed by various jurisdictions.

The extended restrictions in Victoria compared to other States resulted in more goods stored at warehouses with PoM actively engaging with industry to ensure sufficient capacity at container terminals, transport yards and distribution centres, to cater for the increase trade and to keep the supply chain moving. PoM worked with industry bodies such as the *Freight Trade Alliance* and *Container Transport Association of Australia* to ensure that there was sufficient capacity to keep freight moving. PoM was able to respond quickly in cooperation with a number of private operators to open additional short term empty container storage for example to prevent congestion in the supply chain. The industrial dispute at Port Botany in NSW in the latter half of 2020 also caused shipping disruptions to Australia with port omissions and delays as shipping lines tried to maintain schedule integrity of its services. This added additional costs to cargo owners, who needed to re-route cargo to meet production and consumer demand.

Besides global trade, PoM also services the majority of Tasmanian trade. During the COVID-19 pandemic, there was a need to ensure ongoing supply of grocery items, grains for animals and fertilisers/pesticides as well as inputs to manufacturing to Tasmania. The demand for warehousing space was further exacerbated by container shortages that was felt during the COVID-19 pandemic. Strong demand for containers back at origin in response to consumer demand for goods out of Asia created a shortage of empty containers in the local market. This has prompted many companies in Tasmania to create warehousing space to hold higher stock levels which adds cost to producers working on a just in time inventory system.

Shipping services between Tasmania and the mainland also provide an important connection during natural disasters. An example of this is the Australian Army using the Toll Shipping vessel to transport army vehicles during the bushfire of 2019-20. These examples show that it is important that ports remain open to ensure that cargo, both domestic and international can move in an effective manner. The container supply chain extends beyond the boundaries of the port, connecting corridors to enable the movement of freight to warehouses, distribution centres and ultimately to the end user. Protecting this network against future supply chain vulnerabilities and disruptions needs to be considered at all levels of Government.

¹ Port of Melbourne 2017-18 Economic Impact Study - BDO Econsearch and GHD

3. Disruptions in Regional Areas and Export Market

How industry stakeholders manage and respond to disruptions in export market conditions and access and the impact that these disruptions can have, including in regional areas.

3.1 South Eastern Australia Trade Regions

The Port serves a trade catchment that extends far beyond Victorian boundaries. With the necessary Port facilities and transport connections to handle each of the major trades, Melbourne serves as a vital freight hub for south-eastern Australia (including Tasmanian, southern New South Wales and eastern South Australia).



3.2 Bass Strait Trade

The Tasmanian Bass Strait trade accounts for approximately 10% of the Port of Melbourne’s throughput. Tasmania is reliant on a daily shipping service to ensure goods can move freely to and from the Tasmanian islands. There are two Tasmanian operators who call at the Port of Melbourne, Toll Shipping and SeaRoad, each providing a 6 day a week service. Including overnight sailings, these operators allow goods to move between the mainland and Tasmania providing critical inputs to the Tasmanian economy.

With limited storage options for some products in Tasmania, export capacity is similarly important. Fresh goods, vegetables, fruits and seafood, require fast access to markets. The reduction in air services during the pandemic meant some of these goods transitioned from air-freight to sea freight. The regular calls and fast time to market enabled fresh goods to still make it to market in good condition.

Another smaller but nonetheless important service, the *Bass Island Line* provides a regular service to the King Island community. The service, calling at King Island, Bell Bay and Port of Melbourne, enables the supply of goods to the Island.

There were a number of disruptions to trade flows between the mainland and Tasmania in recent times. Cyber-attacks, protected industrial action and Covid-19. The impact of these events combined to create a “perfect storm” for cargo owners moving freight from Tasmania to port of Melbourne, serving their mainland customers and the rest of the world. Export of fresh produce was impacted as contracts were either unable to be met, or had to be declined, as the supply chain could not be guaranteed to get perishable goods to the buyer in a timely fashion.

3.3 Regional Victoria, the Riverina and Murray Regions

All freight rail services into the Port today are regional Victoria and southern New South Wales services. These trains are typically 1,500m long, however can vary from around 900m to 1,800m in length depending on demand and service frequency. A typical 1,500m long container train carries around 200 TEU. Port Rail Shuttles are the Victorian Government’s proposed freight rail services which connect the Port with intermodal facilities in the outer west, north and the south-east of metropolitan Melbourne.

The Riverina and Murray regions are a key transport hub for the distribution of goods across south-eastern Australia with rail freight, roads and airport links within reach of each of these markets.

The Riverina and Murray regions are in an upward trend in activity. Freight volumes across NSW are projected to double by 2030 and triple by 2050 (*NSW Freights and Ports Strategy*), with the majority traversing the Riverina Murray Region by land (either road or rail). Both public and private sector recognise that maximising productivity and reducing freight handling and transport costs will positively influence the region’s economic potential.

A large portion of the Southern NSW exports are transported south to the Port of Melbourne by either rail or road. Maintaining connections and access to the Port will become progressively more important as agricultural production and output increases into the future and current crossings, particularly across the Murray River, require programed maintenance and upgrades as they age. Population growth in the regions will also place compound pressures on shared aspects of both road and rail networks.

While these macro-transport issues are critical, local and regional transport issues cannot be ignored as they form a vital part of the freight supply chain. Inevitably, almost all of the freight generated from the region’s agriculture, manufacturing and processing, starts its journey on local and regional roads. Some local or regional roads are either failing under the pressure of freight movements, or limiting the ability to move freight due to their condition or alignment. This issue will become more challenging as freight movements increase, therefore it is imperative that state and federal governments work with councils on a prioritised program of works to upgrade and improve local and regional roads that connect to the State and national road freight network.

Heavy vehicle access through town and city centres is a widespread and a particularly concerning issue for many communities in the region, particularly in Griffith, Leeton and Temora. Councils and State agencies will consider the viability of local bypasses to improve freight efficiency, reduce travel times and costs, improve safety for road users and increase the amenity of towns.

Rail network efficiencies, appropriate investment in intermodal terminals and rail network capacity are important to many exporters in the region, as is the provision of on-dock rail and the reduction of double handling which is attributed to rail to road terminal/empty container parks, which although at the other end of the rail network, will significantly reduce supply chain costs for all users.

3.4 Southern NSW Supply Chain Summary

Freight supply chains in southern NSW are currently dominated by the movement of a number of high volume commodities. In regional NSW, the dominant commodities are, grain and steel, forestry and other agricultural produce, much of which makes its way south by road or rail to the Port of Melbourne. From a general trade perspective, there is renewed confidence within the regions in 2021. The agriculture sector is expected to lead again with sustained and manageable growth. However, adverse climatic conditions could hamper an expected good harvest and the quality of that harvest. The new season is no longer an issue of increased trade volume but rather of supply chain cost efficiency issues. In this regard, where seasonal fluctuations are likely we recommend taking a long term perspective on regional export supply chain infrastructure.

4. Supply Chain Vulnerabilities

Consider the factors that make supply chains vulnerable

As noted throughout this paper there have been a number of disruptions that have highlighted potential vulnerabilities in our supply chains. The disruptions have included:

- Covid-19 pandemic
- Bushfire
- Operational incidents (such as derailments)
- Cyber attacks
- International trade arrangements
- Bio-security controls
- Regulatory controls on operations
- Systemic constraints such as:
 - Land use planning controls
 - Infrastructure capacity
 - Industrial land availability

Potential vulnerabilities highlighted through these disruptions include:

- Inventory capacity
- Warehousing capacity
- Near port land availability
- Road and rail infrastructure capacity
- Coordination and transparency across supply chain participants (to enable adaptability to change)
- Global market reliance / concentrations.

5. Frameworks for Identifying Supply Chain Vulnerabilities

Productivity Commission to develop a framework for identifying supply chains that are vulnerable to the risk of disruption and also critical to the effective functioning of the economy, national security and Australians' wellbeing.

There are a number of existing policy documents and initiatives that could assist the Productivity Commission to explore risk management strategies, including the roles of, and options for, government and businesses to manage supply chain risks, and use trade and other relevant data to identify supply chain vulnerabilities.

5.1 National Freight and Supply Chain Strategy

The findings from the Productivity Commission Vulnerable Supply Chain Study should be integrated into the Commonwealth Government National Supply Chain Strategy. The National Freight and Supply Chain Strategy was developed to meet emerging freight and supply chain challenges and endorsed by the Transport and Infrastructure Council on August 2019.

The success of supply chain freight systems in Australia depends largely on cooperation between all levels of government for implementation. This was evident during the COVID-19 pandemic where the transport and logistics industry was deemed as an essential service to meet the extraordinary levels of consumer demand. Freight operators require the flexibility to keep supply chains flowing and to meet demand during periods of supply chain risks. Indeed, the strong growth in demand for delivery services with the growth in on-line shopping has created essential logistics infrastructure to operate at night to facilitate the increase in trade and freight movement.

One of the overarching issues in relation to freight strategies raised is the lack of alignment between Governments and a lack of coordinated action across all levels of Government. The National Freight and Supply Chain Strategy aims to integrate all freight modes – road, rail, air and maritime, encompassing all tiers of government and jurisdictions. This will provide a mechanism for understanding supply chain vulnerabilities and to play a role in the movement of freight and efficient freight supply chains.

The efficient movement of goods requires the removal of restrictions on port operations which includes noise curfews, urban encroachment and truck bans on heavy vehicle access routes. It also requires the development of policy and infrastructure to support better outcomes with community expectations of sustainable operations such as technology from clean freight vehicles and automation.

As acknowledged in the Productivity Commission interim report, “one of the strengths of first applying a data scan is that it is largely agnostic on those products likely to be identified as vulnerable to disruption. This reduces the probability of missing goods or a service that is vulnerable, therefore reducing the likelihood of a ‘false negative’. Equally, it may raise the likelihood of identifying a good or a service as vulnerable when it is not, akin to producing a ‘false positive’.” Data is therefore an important element in the Study to identify supply chain vulnerabilities.

The National Freight Data Hub’s purpose is to enhance collection of and access to freight data to:

1. Enable end-to-end performance evaluation for Australia's freight system
2. Improve planning for infrastructure and transport network investment decisions
3. Support day to day operations by fostering data standards and exchange, and provide timely insights about the freight system performance and bottlenecks to industry

Fragmentation across the supply chain makes it difficult to interrogate supply chain performance and cost issues. The fragmentation also suggests that certain areas of the supply chain are unreasonably bearing the cost of inefficiencies (for example over 70% of import containers are staged at a temporary location, usually a transport depot, before final delivery. This results in additional unnecessary movements, increased holding and throughput costs). Within this context, it is also important to recognise the significant influence that the shared use arrangements on our existing road and rail transport networks can have on delivering the freight productivity objectives. Different users of the network have different demands and performance expectations, understanding

these differences will be important when considering long term initiatives aimed at improving freight productivity across the total supply chain.

In order for a port to work effectively the landside freight and logistics operations, both road and rail, need to be efficient and productive. The continued growth in freight will place pressure on and challenge existing supply chains and while road transport will always play a dominant role in container movements, it is inevitable that rail will need to play a larger role with increased modal share over time. As volumes on rail increase, competing use of rail lines between freight and passengers will need to be addressed to ensure that there is sufficient policy, planning and operational solutions allocated for freight to improve freight access and movements. Furthermore, there needs to be surety that freight demand is integrated in transport and land use planning across and between jurisdiction boundaries and freight modes.

5.2 Voluntary Port Performance Model

The Department of Transport engaged Deloitte Economics to review the efficiency of pricing and access at the Port of Melbourne in 2019. The Review found that cost pressures across the landside supply chain, and pricing and lack of transparency is hurting our regional export cargo owners the most. While costs have risen as a result of increases in stevedore charges, the costs being levied by others, particularly shipping lines, are arguably having a bigger impact on increasing costs. This has also been in line with the findings from the Australian Competition and Consumer Commission container stevedoring monitoring report in recent years.

In response, the Department has developed a voluntary pricing protocol for stevedore landside charges that established clear protocols for notification periods for price increases or the introduction of any new landside charges, explanation of price increases, and the timing of price changes. Furthermore, a state-based Voluntary Port Performance Model to increase the transparency of pricing and agree to a set of performance indicators which are consistent, measurable and meaningful is also being created with industry.

In 2020, the Transport and Infrastructure Council endorsed the National Transport Commission to develop voluntary national guidelines for applying stevedore infrastructure and access charges at Australian container ports which will include consideration of the Victorian Voluntary Port Performance Model.

5.3 National Transport Commission

Transport ministers between the States and Territories have agreed to endorse the National Transport Commission to develop voluntary national guidelines or stevedore infrastructure and access charges. The aim of this work is to provide greater certainty and transparency for both stevedores and landside transport operators and provide greater understanding of the benefits of investment in terminal facilities.

5.4 National Ports Strategy, 2011

Provided the overarching framework for port policy and planning, and supports the growth and facilitation of trade and improvement of the productivity and efficiency of port-related freight movements.

5.5 Port of Melbourne, “Our Plan for Rail 2020”

Released in October 2019 – Port of Melbourne plan to deliver an integrated rail freight transport system aimed at increasing freight rail transport, addressing capacity, access, reliability and cost-effectiveness concerns.

5.6 Port Development Strategy (2050 PDS)

Released in October 2020, outlines growth plans for the Port, including the need for the WDRL.