



11 February 2022

Productivity Commission

Level 8, Two Melbourne Quarter
697 Collins Street
Docklands Vic 3008, Australia

Dear Commissioners

Ports WA Submission to the Productivity Commission inquiry into the Australia's maritime logistics system

Ports WA welcomes the opportunity to provide a submission and participate in the inquiry into Australia's maritime logistics system. Australia's ports and connecting supply chains are vital to supporting the nation's economy and communities, and the importance the Australia Government is placing on the sector through this inquiry is welcomed.

Ports WA is a collaborative group comprising the Chair and CEO of each of Western Australia's (WA) port authorities, as well as WA Department of Transport Executives. The group brings together the collective experiences of WA ports to provide strategic advice to the Minister for Ports, foster collaboration, enhance efficiency and best utilise port facilities. Ports WA also prioritise sharing knowledge to identify and respond to future trends in technology, logistics, maritime operations, and environmental management.

Unlike other states, ports within WA are owned or overseen by the State Government, providing for a unique regulatory setting and ability to serve the WA community while maximising the benefits to the overall State. WA has five port authorities which collectively manage 14 nationally significant port facilities, in addition to another 8 ports overseen by the Department of Transport.

WA's ports service a vast coastline and diverse assortment of trades, ranging from the world's largest bulk export port to smaller scale boutique ports servicing regional communities and specialised industries.

WA port authorities are governed under the *Port Authorities Act 1999*, operating as Government Trading Enterprises with Boards appointed by the WA Minister for Ports. Port Authorities act as both landlords and strategic managers of the ports under their control and are obligated to ensure efficient operational management as well as future development of trade and commerce for the economic benefit of the State.

The extraordinary expansion of WA's resources sector has resulted in significant increases in demand for port facilities and shipping activities, which continues to grow as new trades emerge and existing commodities experience record growth.

Within each port, there is a mix of private and public ownership and operation of facilities, as well as varying provision of services by the private and public sector. A key focus of WA ports, as facilitators of trade, is to ensure sufficient common user capacity is available to service the demand of multiple customers and ensure equitable access for all port users. Further to this, Fremantle is the first port in Australia to agree with container stevedoring companies on a means of managing infrastructure charges under lease arrangements. This agreement will provide much improved commercial certainty for shippers and the container industry, providing a charging structure that provides significant benefit to WA's exporters, as they operate in a highly competitive global market.

WA ports are crucial to the economic, financial, and social prosperity of the State and nation. In 2020-21, port authority ports generated 1,016.3 million tonnes of throughput, worth approximately \$225.4 billion. A further 238.2 million tonnes of throughput occurred at non-port authority ports. This activity accounted for around 40 per cent of Australia's total exports by value, or 63 per cent, by weight.

In response to increasing demand for port capacity in WA, the State Government and in partnership with the private sector, continue to invest in port infrastructure. Master plans and development plans for each of the ports outline the vision for future development across the state as trade needs evolve.

Of particular importance for the long-term freight task in WA is the recognition of the need for advanced planning in the container supply chain. Westport has been commissioned by the State Government to undertake a long-term program to investigate, plan and build a future port in Kwinana with integrated road and rail transport networks. While Fremantle's Inner Harbour will continue to play a key role in trade for our State, a new container port for WA will not only ensure trade can continue to move effectively for hundreds of years to come, but will also provide an opportunity to establish a modern freight network that can adapt to future growth and technologies over time.

Each of the Port Authorities are committed to continuous improvement, seeking to identify and apply national and international better practice. In some instances, it is believed that WA ports represent best practice. The broad intent of the provisions of the Port Authorities Act ensures the Port Authorities apply a balanced effort to facilitating economic growth, protecting the environment and generating a suitable return on the investment in WA ports made on behalf of the people of WA.

We note the terms of reference for the inquiry are broad and invite the Commission to engage with the leadership of each of the port authorities as the inquiry proceeds. The above general information has been provided to give some context of the WA port sector and assist the inquiry in refining the specific matters which may be addressed with port authorities throughout the process. A contact for each port authority is included in Attachment 1 for this purpose.

The Ports WA group looks forward to discussing in more detail the operation and management of each of WA's ports, as well as issues and challenges which we believe require national focus. The vulnerability and resilience of our supply chains, as demonstrated by the recent closure of the east-west rail line, as well as the development of maritime skills and global and local disruptions are key themes Ports WA would welcome discussion on. A focus on data and digital supply chains is also of key importance on a national front, with an aim to increasing transparency and the efficiency of ports and the wider supply chain.

Again, we thank you for the opportunity to provide input into this inquiry and look forward to providing further support as the process moves forward.

Yours sincerely,

Ian Shepherd
Chair, Ports WA