



Submission on "The Proposed National Ports Strategy"
published by Infrastructure Australia and the National Transport
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Asciano Submission on “The Proposed National Ports Strategy” published by Infrastructure Australia and the National Transport Commission May 2010.

Background

Asciano is a major transport infrastructure corporation involved in stevedoring and landside logistics at container and bulk ports around Australia. Asciano is also a major rail freight operator with a high degree of reliance on port/land transport interface for export and import.

In March 2010, Asciano provided a submission to Infrastructure Australia on the proposed National Freight Network Plan and National Ports Strategy.

Draft Ports Strategy

Asciano restates its view that a National Ports Strategy is a crucial planning tool for the continued development of the Australian economy. We support the rationale behind the strategy and are supportive of the consultative process and the draft that has resulted.

We would highlight and support the following key quotes from the introduction (1.4) that clearly outline the need for a co-operative approach:

The ports and freight supply chains involve long life assets. Optimal government involvement in setting the framework for these assets, and optimal private investment and use of these assets, depends on all levels of government providing nationwide certainty of their functional intentions.

A National Port Strategy should not be solely a Commonwealth policy or initiative. Rather it needs cooperation and commitment from all tiers of government, the private sector and the community.



There are substantial differences between Australia's major ports. Given this, a one size fits all approach in which local outcomes are centrally determined would not be appropriate as an Australian national Ports Strategy.

The draft strategy focuses on the crucial role that ports play in the economic strength, growth and sustainability of Australia. It wisely seeks to outline a long-term vision for port operations which will see a doubling in their freight task over the coming decade.

Draft Recommendations

Asciano provided a single submission to address the proposed National Freight Network Plan and the National Ports Strategy. We stand by that submission and strongly urge an integrated approach between these strategies.

We broadly support the recommendations of the Proposed National Ports Strategy. The vision and objectives, as outlined, point to the crucial role ports and associated land freight transport have in the economic and social development of the nation. They also point to the appropriate emphasis on increased efficiency as we tackle the challenge of our growing freight task.

Asciano supports the four specific priorities for action in Australia's ports and offers the following comments:

1. Planning for relevant ports and infrastructure

Asciano supports the focus on long term planning certainty and the need to have national consistency in planning regimes.

We agree that port operators, users and investors need planning certainty so that they can employ the required infrastructure and operations to improve efficiency. It is only through improved efficiency that we can cope with the task ahead, reduce congestion in and around our ports, reduce costs, and improve our environmental sustainability.

It is important to recognise that sea channels and land freight corridors are crucial parts of any ports planning process. Existing ports and corridors must be protected while planning authorities reserve appropriate zones for future needs. Therefore recommended actions 1.1 to



1.7 (Agreeing the relevant ports) are vital. We would expect detailed consultation from the relevant jurisdictions over those decisions.

The clearly articulated, co-ordinated and multi-level planning process outline in recommended actions 1.8 to 1.18 (Planning) sets out a reasonable way forward and, importantly, demands independent monitoring and COAG oversight.

Asciano also notes that the strategy needs to clearly recognise the importance of regional bulk ports, particularly as they can complement and support the services provided by major metropolitan ports. Regional ports face the challenges of channel depth to take larger vessels, building adequate road and rail connections, and receiving adequate planning attention from State and Federal, rather than local, authorities.

2. Protection of the ability to execute plans

These recommendations recognise the economic significance and the historical context of much port development and seek to build those into planning and decision-making.


Nationally consistent and streamlined assessment processes and environmental management regimes will be beneficial.

The recommended actions 2.1 to 2.7 therefore allow for special environmental consideration of ports due to their economic primacy and geographic immobility.

3. Improving landside efficiency and reliability

Improved landside efficiency is a crucial and immediate area for reform. We note the draft strategy's comments about the need to create competitive neutrality between road and rail freight. Road access charges can level the playing field. To the extent that they see a shift of freight from road to rail, they will relieve road congestion near our ports and reduce our carbon footprint.

We also note the observations that "port Freight Corridors may provide a good test bed for road freight pricing."



On this crucial point, Asciano would draw attention to the work of the Henry Review into Australia's Future Tax System. This review paid considerable attention to transport taxation and has provided a clear policy path forward for a national approach on these issues. In particular, we would highlight the following recommendations of the Henry Review:

Recommendation 61:

Governments should analyse the potential network-wide benefits and costs of introducing variable congestion pricing on existing tolled roads (or lanes), and consider extending existing technology across heavily congested parts of the road network. Beyond that, new technologies may further enable wider application of road pricing if proven cost-effective.

In general, congestion charges should apply to all registered vehicles using congested roads. The use of revenues should be transparent to the community and subject to further institutional reform.

Recommendation 62:

The Council of Australian Governments (COAG) should accelerate the development of mass-distance-location pricing for heavy vehicles, to ensure that heavy vehicles pay for their specific marginal road-wear costs. Revenue from road-wear charges should be allocated to the owner of the affected road, which should be maintained in accordance with an asset management plan. Differentiated compliance regimes to enforce this pricing policy may need to be considered to balance efficiency benefits from pricing against the costs of administration and compliance for some road users.

Recommendation 63:

States should improve compulsory third party insurance to better reflect individual risks.

Recommendation 64:

On routes where road freight is in direct competition with rail that is required to recover its capital costs, heavy vehicles should face an additional charge on a comparable basis, where this improves the efficient allocation of freight between transport modes.



Recommendation 65:

Revenue from fuel tax imposed for general government purposes should be replaced over time with revenue from more efficient broad-based taxes. If a decision were made to recover costs of roads from road users through fuel tax, it should be linked to the cost of efficiently financing the road network, less costs that can be charged directly to road users or collected through a network access charge. Fuel tax should apply to all fuels used in road transport on the basis of energy content, and be indexed to the CPI. Heavy vehicles should be exempt from fuel tax and the network access component of registration fees if full replacement charges are introduced.

Recommendation 66:

The revenue-raising component of State taxes on motor vehicle ownership and use should be made explicit, and over time only be used to recover those costs related to road provision. The administrative costs of providing government services should be recovered through user charges where applicable. Quantity limits on taxi licences should be phased out.

Recommendation 67:

Governments should continue to reform road infrastructure provision, applying economic assessment to investments comparable to that for other forms of infrastructure.

Recommendation 68:

COAG should develop a National Road Transport Agreement to establish objectives, outcomes, outputs and incentives to guide governments in the use and supply of road infrastructure. COAG should nominate a single institution to lead road tax reform, and ensure implementation of this agreement.

Asciano also recognises that technological and other improvements to the efficient management of road freight in and around our ports can, at least in part, achieve some of the same aims. We believe these can best be done through active engagement, planning and co-operation, rather than regulation.

Recommended actions 3.1 to 3.11 are some of the most important and timely recommendations in the strategy. There is rightly a focus on the use of incentives to generate greater landside efficiency and use of port facilities outside of peak periods. We believe incentives and information sharing will always deliver better results in this area than regulation. These recommendations are



very timely given current NSW government plans for Port Botany landside operations.

Asciano has concerns about recommendation 3.2 which says “For each metropolitan area a person should be nominated with responsibility to examine, advise on and improve efficiency and reliability of port related container and other freight, consistent with the meeting of pre-existing commercial arrangements, with a focus on identified Freight Corridors”. While Asciano supports the concept of information sharing and transparency of operating information, it is unclear from the draft who would be the “person” and what authority they would have. If a coordination body, similar to the HVCCC is proposed, Asciano would support this model because local “freight corridor specific” issues could be addressed by local stakeholders, in the interests of local users and customers.

Further, Asciano encourages those charged with developing the systems to improve visibility along the supply chain or Freight Corridor to leverage the investment already made by players currently operating within these chains. While equity arrangements may need to be modified to reflect broader ownership, wherever possible the existing technological platforms should be leveraged within a corridor and across corridors. The One Stop VBS and associated portal functions is a good example of where existing technology can be built upon and utilised nationally for container ports, probably under a revised ownership model, rather than duplicated, at considerable cost in time and dollars.

4. Clarity, transparency and responsibilities in ports.

Asciano agrees that, regardless of ownership, the operation of the nation’s ports should be on a commercial basis. We would also point out that port ownership issues need to be resolved in a fashion that protects fair and open competition, promotes supply chain efficiency, and that provides adequate incentives for infrastructure investment.

Recommended actions 4.1 to 4.4 do not address the potential problem of vertical integration. We believe these recommendations could support the principle of competition through separation of port ownership from port terminal operations. If port corporations are treated as commercial entities, their monopoly powers must be recognised and appropriate regulation put in place to ensure: a level playing field for port operators and users (ie no vertical integration between port owners and port users where discrimination could be introduced); appropriate investment to ensure growth in capacity not just growth in margins for the monopoly asset owner; and monitoring of rent review mechanisms to ensure monopoly super-profits are not



charged upon the cessation of existing agreements. These issues are being raised in the current privatisation of the Port of Brisbane Corporation through a 99 year lease and Asciano would be happy to share information on this matter with the NPS working group.

Additional Points

Asciano also notes that there is a role for increased and ongoing government investment in some of the infrastructure required to meet our national ports and freight transport task.

Asciano provided one submission to address the proposed National Freight Network Plan and the National Ports Strategy. We note the executive summary recommendation (ix) to proceed with other elements of national freight policy including a National Freight Network Plan. Asciano would like to stress the need for seamless integration between these strategies to ensure optimal planning for both land freight transport and the port interface.

Asciano supports the establishment of an independent panel (executive summary recommendation (v)) to oversee the implementation of the strategy and would seek to have the opportunity to nominate potential members of that panel.

Summary

The draft strategy maps a plausible path forward. It institutionalises reform, long-term planning and the drive for efficiency at all major ports, especially in the crucial area of landside transport interface.

We also recognise the detailed recommendations to drive action on this substantial agenda. This is the crucial area of implementation.

We encourage ongoing communication with the transport sector to ensure this reform agenda is expedited in a practical way and again thank the working group for the opportunity to comment on this draft.



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