

25 May 2010

Mr Michael Deegan,
The Infrastructure Coordinator
Infrastructure Australia
GPO Box 594
CANBERRA ACT 2601

Dear Mr Deegan

Michael,

The National Farmers' Federation (NFF) was established in 1979 and is the peak national body representing farmers, and more broadly, agriculture across Australia. The NFF's membership comprises of all Australia's major agricultural commodities. Operating under a federated structure, individual farmers join their respective state farm organisation and/or national commodity council. NFF also has a number of associate members who participate in the agricultural supply chain. These organisations form the NFF.

Australian farming underpins domestic food consumption and is a significant export industry. In 2008, Australian farm exports were valued at \$31 billion, accounting for approximately two-thirds of Australia's agricultural production. Despite deep and widespread drought, over 2007-08, agricultural product accounted for 15% of Australia's merchandise exports. Exports are projected to grow to \$32 billion over 2009-10. Australia currently produces 93% all food consumed in Australia and 1% of all food consumed in the world. Our nation is responsible for 3% of global seaborne trade – in total Australia feeds 60 million people each day.

The challenge of moving the increasing volumes of food and fibre required by domestic and international markets will continue to grow. Globally, over the next 50 years, nations will need to produce as much food as has been consumed over our entire human history. Timely and efficient delivery of agricultural produce, in addition to the greater volumes required, need to be considered and planned for.

In this context it is clearly evident that ports, and the transport infrastructure that support them, are a critical component of Australia's export infrastructure. The efficient and effective operation of ports is critical for Australian agriculture, as they underpin the competitiveness of Australian agricultural produce in world markets. Long term planning and investment is required to maintain and develop the facilities that already exist, but also to develop new facilities which can support the growth of agricultural industries.

"The Proposed National Ports Strategy" presents a logical framework for coordinating the planning and development of Australia's ports, and recognises the different environments in which individual ports operate. Whilst the framework presented recognises a range of important issues relevant to the operation and planning of ports, uncertainty exists regarding

the implementation of the Strategy and ongoing funding to address gaps identified in Port infrastructure.

The NFF recognises that a strength of the Strategy lies in the recognition of the need to link different freight transport modes, and the need to ensure transport networks are developed in a coordinated way across jurisdictions (addressing planning at ports, regions and across government). The need to address development, including urban development, around ports is also highlighted in the Strategy. The NFF is aware that incompatible development around ports poses a number of challenges, particularly for the effectiveness of supporting transport infrastructure and the operation of the port. Curfews imposed to limit noise, along with competing local traffic and conflicts from freight moving through built up and urban areas have all been highlighted to NFF as inefficiencies in freight transport occurring around port facilities. In the absence of better planning and management, it seems certain these inefficiencies will worsen. These inefficiencies must be addressed through better planning and investment, with a focus on safeguarding the ongoing effectiveness of Australia's port facilities.

The Strategy also highlights the need for an accompanying national freight strategy which deals with the breadth of transport infrastructure (i.e. roads, rail, sea and air ports) including intermodal transfer, and which can systemically account for growth and change in use across the freight network. The intermodal issues and the potential for inefficiencies and delays which are highlighted by the Strategy are important for the Agricultural industries. This is particularly the case in the transport of fresh produce and live animal exports, where issues of produce quality and animal welfare are fundamental considerations when these types of freight are being handled.

The need for information on current freight flows and future freight projections to inform the development of ports is highlighted in the Strategy. The Strategy notes the difficulties that Infrastructure Australia had in developing its Infrastructure Priority List, and that the forecasts in the proposals that were received did not reference national aggregate freight data and link regional and jurisdictional freight forecasts.

The work proposed under the Strategy (through the recommended actions) to understand current and future freight flows is in line with the transport infrastructure planning and development work advocated by the NFF. The NFF has advocated a program of work to:

- Understand the current freight flows of agricultural production (and other freight flows in regional Australia);
- understand how and why these freight flows may change;
- consider deficiencies in existing infrastructure and additional infrastructure requirements; and
- from this analysis, clearly identify priorities and projects not being addressed by the current policy framework.

The NFF strongly supports this work being done to underpin the development of the ports Strategy. This analysis should be extended in a comprehensive way to support the

development of the National Freight Strategy, including the identification of potential constraints for the current operation and future growth of road and rail freight transport. The development of performance indicators, particularly indicators which can identify bottlenecks throughout the freight network which might limit the performance of the ports is welcomed.

The Strategy also recognises that there is a role for improved real-time operational information availability to ensure coordination and efficiency of freight flows on both land and sea sides of ports. Demurrage can be a significant factor impacting on the cost of agricultural freight exports, and there is the potential for this situation to be improved through improved scheduling. Improved information may also give better insight on the internal efficiency of port operations, and the relative performance of supporting freight infrastructure.

Whilst the Strategy articulates a framework for planning the development of ports and associated infrastructure, there needs to be greater clarity around its implementation. The Strategy is not clear on how the Ports Strategy should be funded (particularly the role of the Commonwealth versus other investors), and it is also not clear on how underinvestment in infrastructure or underperformance of the ports would be dealt with. As an aside, a clear graphic or description outlining the proposed responsibilities of ports, jurisdictions and national government and how investment priorities will be developed would be useful for stakeholders, including a description of how these responsibilities interrelate and investment decisions are made.

The Strategy is also unclear as to what expectations exist that ports continue to provide access for existing and emerging commodities (such as live animal exports in northern Australia). Competing port uses such as containerised trade, bulk mineral exports or cruise ships may be deemed to be more profitable and easier to manage by port operators, leading to diminished or potential loss of access for existing or emerging industries. There clearly needs to be a focus within ports on developing efficiencies to address logistical, operational and access constraints to ensure port services remain competitive for all sectors, and that the breadth of freight services available can be maintained.

It is not clear what Ports the Strategy applies to and the extent to which domestic freight requirements are covered under the Strategy. It is not clear if there is a particular list of ports that have been deemed nationally significant, or if these planning requirements be implemented once a port exceeds particular values or volumes of exports. Regional ports may develop into larger facilities over time, and may also offer an opportunity for coastal freight services. Indeed some regional locations, such as Flinders Island, are totally reliant on ports for the transport of freight and it is unclear how this is recognised and addressed within the plan.

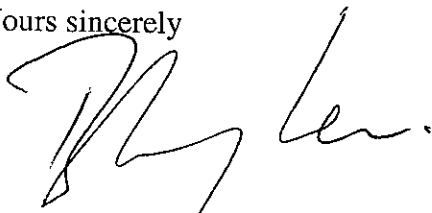
The Strategy sets out the concept of developing freight corridor 'test bed' for testing the proposed planning framework. The use of a 'test bed' or pilot appears to be a sensible way of testing the proposed planning framework, and recognises that there is a need to link port infrastructure with the servicing transport infrastructure. Whilst the use of a 'test bed' may provide useful experience, there needs to be a long term commitment for the planning,

development and investment in port infrastructure which extends beyond just a 'test bed' freight corridor.

The NFF has continued to call for a strategic, integrated and highly competitive freight transport system in Australia, aligning farm production with roads, rail and ports. Since the announcement of the establishment of Infrastructure Australia there has been a significant delay in the delivery of this Strategy to deliver transport infrastructure. A coordinated freight strategy which identifies key bottlenecks facing farmers, and the economy more broadly, is still required.

If you have any comments or questions regarding this submission, please contact Dr Sam Nelson on 02 6273 3855.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Ben Fargher', written in a cursive style.

BEN FARGHER
Chief Executive Officer