

Port of Melbourne
Corporation



**Comments to Infrastructure Australia and
National Transport Commission on “The
Proposed National Ports Strategy”**



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Glossary

PoMC	Port of Melbourne Corporation
IA	Infrastructure Australia
NTC	National Transport Commission
CoAG	Council of Australian Governments
BITRE	Bureau of Infrastructure, Transport and Regional Economics
ABARE	Australian Bureau of Agriculture and Resource Economics
ABS	Australian Bureau of Statistics

1 Purpose

Port of Melbourne Corporation (PoMC) is pleased to provide comments to the Infrastructure Australia (IA) and National Transport Commission (NTC) on the proposed National Ports Strategy.

2 Background

The Prime Minister requested NTC and IA to develop a National Ports Strategy for consideration by the Council of Australian Governments (CoAG) in 2010. Concurrently, a national freight network plan is to be developed and the national ports strategy will be a key element to that plan.

In May 2010, IA and NTC released the draft strategy which sought to improve the efficiency of port-related freight movements across infrastructure networks; minimise externalities associated with such freight movements and influence policy making in areas relevant to freight. Key priorities include:

- Planning for relevant ports
- Protection of the ability to execute plans
- Improving landside efficiency and reliability, and
- Clarity, transparency and responsibilities in ports

The closing date for public submissions is Friday, 28 May 2010.

3 Analysis and discussion

Whilst it is considered appropriate to consider the planning and development for nationally significant ports, it is also important to recognise that ports do not operate in isolation and they must be effectively integrated into the land side transport networks. Further, the port freight demand on land side transport networks needs to be effectively balanced with other transport capacity demands including domestic freight and non-freight transport needs.

In March 2010, PoMC provided a submission to IA/ NTC on the National Freight Network Plan. As the National Ports Strategy is a subset of the National Freight Network Plan, this submission should be read in conjunction with PoMC's earlier submission.

PoMC is pleased to note that the draft strategy recognises and reinforces the important economic role of ports, the need for integration and coordination, as well as the importance of a robust policy framework.

Whilst the majority of the responsibilities in implementing the strategy are considered to fall under State jurisdictions as well as the Commonwealth, it is also important to consider the potential flow-on effects to ports.

Fundamental to the Strategy's success will be the capacity and capability of ports and whether these are sufficient to meet the demands and resources needed in planning, operations and regulatory compliancy.

3.1 Priority Area 1 Planning for relevant ports and infrastructure

PoMC concurs that infrastructure planning and investment must also be considered in terms of strategic advantages and may not always have an immediate business case to support private investment. Hence, it is clear from historic infrastructure development that governments have a clear role to make strategic investments in some critical infrastructure that support growth and ongoing private investment.

In general, the recommendations in relation to port planning would appear somewhat prescriptive for a national strategy. Rather, many of the recommendations of the strategy should be included as guidance in the development of port plans rather than prescriptive recommendations.

PoMC supports recommendation 1.8 and the publication of port planning instruments. The publication of Melbourne's Draft Port Development Plan in 2006 and Port Development Strategy in 2009 has demonstrated the value in providing certainty to the community and private sector.

The publication of port plans at the State level has been reinforced through the Victorian government's *Port Futures*, *Victorian Transport Plan and Freight Futures* as well PoMC's *Port Development Strategy 2035 Vision*¹ encapsulates the planning frameworks for efficiently handling the increasing transport/ freight volumes expected through the port and its supply chain. The requirements for these planning instruments are further strengthened through the Port Services Act.

Where existing plans sufficiently meets the requirements for planning documentation, new plans should not be required.

In regard to recommendation 1.10, under the *Port Services Act 1995*, PoMC is already required to prepare an updated port development strategy. This requires a review of the forecasts which underpin the development strategy.

Individual ports do their own forecasting, some of which are very detailed and used to plan the development of capacity to meet the growth in specific trade sectors e.g. containers, motor vehicles. It is important that forecasts provided in the documentation should take into consideration or account, the forecasts published by individual ports.

Ports refer to a range of internal and external data to analyse and forecast trade, activities and usages. They should be allowed the flexibility to continue to refer to various sources of data for its analysis. Whilst BITRE, ABARE and ABS may

¹ A full copy is available for download at: <http://www.portofmelbourne.com/portdev/portdevstrategy.asp>

be referred to as key reference sources, they may not provide the level of port-specific details required by ports at times. Hence, they should be referred to as complementary but not sole reference forecast guides.

On the issue of sustainability (Recommendation 1.15), State planning legislation needs to embrace and require local municipalities to have regard to port-related policies. CoAG's consideration of port plans should have regard to the extent to which port infrastructure have been incorporated into broader state and national infrastructure plans.

Port of Melbourne's planning documentation (*PoMC Port development Strategy 2035 Vision*) has already been approved/ endorsed at jurisdiction level by the Victorian Minister for Roads and Ports. A new layer of assessment by Council of Australian Governments may create uncertainty in delivery time-frames. Uncertainty affects investor confidence. Should CoAG view that a new layer of assessment is necessary, planning should be facilitated in the following ways:

- Apart from the brief assessment criteria listed, CoAG should publish a comprehensive list of assessment criteria so that planning will be holistically integrated across all levels.
- CoAG should publish the time-line required for its assessment process so that ports can incorporate them as part of their planning time-frames.

3.2 Priority Area 2: Protection of the ability to execute plans

PoMC fully supports IA's recognition of the need to maintain the ability to execute plans. In this regard, PoMC supports the recommendations under Priority Area 2.

The following specific comments are provided in relation to the recommendations under Priority Area 2:

- The timeliness of decision-making needs to also take into account the long lead times required before a decision is made.
- PoMC strongly supports the early reservation of dedicated freight corridors. These land reservations should be strategically linked to long term terminal locations and future options to ensure future flexibility of development is maintained.
- PoMC supports the concept of economic strategic assessment processes but recognises that such processes need to have a solid legislative basis if they are to assist in streamlining approvals processes- or this could lead to legal challenges in controversial infrastructure projects.

In addition to the list of recommended actions, other actions could include:

- The need for greater as well as collective publicity on the important roles of freight, ports and ships to the economy, consumers and wider community. Greater and positive public awareness of port-related activities will lead to greater acceptance and hence reduce the resistances to executing plans.

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- A central body should be delegated responsibility to ensure that state and federal policies are logically connected, integrated and not compromised at local, state and national levels.

3.3 Priority Area 3: Improving landside efficiency and reliability

Landside transport connections serving metropolitan ports are increasingly challenging. The demands on the supporting transport networks are continuing to evolve along with changing land use priorities and competing user demands which is placing increasing constraints and costs on international freight flows.

The need to manage and maintain landside transport efficiencies and reliability is critical to the long term efficiency of ports and the international competitiveness of the Australian economy.

The following specific comments are provided in relation to the recommendations under Priority Area 3:

- Recommendation 3.2 is a little unclear. Greater clarification is needed on what is meant by 'pre-existing commercial arrangements'.
- *Port Futures* outlines the Victorian government's initiative in preparing the Metropolitan Freight Terminal Network and principle freight network for road and rail. It also highlights the Melbourne Port System and PoMC's analysis regarding the optimisation of the port system around road and rail. Where appropriate, these strategies and priorities should be recognised as part of the National Ports Strategy and National Freight Network Plan.
- Whilst it is recognised that there are improved efficiencies and benefits to contractual incentives for improved land side transport performance, this recommendation needs to take into account matters of competition and historic contractual arrangements.
- PoMC supports the initiative for BITRE to explore the case for dedicated road and rail freight infrastructure. There is a need to consider these longer term requirements now so that appropriate plans and reservations may be employed to preserve these options for the longer term when they will become critical. The introduction of dedicated freight land transport infrastructure segments will minimise conflict with passenger transport and reduce economic loss. As part of its due diligence, BITRE should consult with ports as part of its assessment process.
- PoMC strongly supports the development of nationally consistent information systems as described in Recommendation 3.9. These are generally reflective of those proposed by Ports Australia as part of a *Port Community Information System*. Further consideration should also be given to:
 - compatibility with international trading partners
 - incorporation of empty container parks and intermodal terminals into the system

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- PoMC is supportive of Recommendation 3.11 to improve coordination of freight flows across the supply chain – the benefits of which may outweigh trade practices concerns. This recommendation is consistent with the findings of the Business Activity Harmonisation Study and the preliminary analysis of the 2009 Container Supply Chain Study which suggest that there are significant opportunities for efficiency gains across the supply chain.

3.4 Priority Area 4: Clarity, transparency and responsibilities in ports

State and national policies must be coherently and logically connected to each other. Besides competition policy, skills development and city planning policies, examples of other policies that will have an impact on ports (and its inter-connecting freight logistics system) include:

- Passenger transport policies
 - Apart from dedicated freight infrastructure networks, common transport infrastructure such as roads and rails will have an impact on both passenger and freight. In Hon Anthony Albanese MP's speech to Roads Australia at The National Roads Summit 2010 in April 2010, it was acknowledged that "We can't have a plan for moving freight without having a plan for moving people". Hence, passenger transport policies will have to be considered in the context of any freight-related/ port policies.
- Population policies
 - Population growth affects trade volumes (particularly imports) and this in turns affects a port's planning for capacity. An example of a policy which could impact ports is the upcoming National Population Strategy.

Appropriate consideration and integration at the National and State levels needs to ensure that port-related policies are logically connected, integrated and not compromised at local, state and national levels. Further, appropriate consideration needs to be given to the relevant priorities across potentially competing policy objectives to ensure that there is a degree of certainty in terms of government policy expectations and outcomes.

In regard to recommendation 4.1, not all ports facilitate both domestic as well as international trades.

Recommendation 4.2 should also include recovering from port users, revenue for future investment.

PoMC concurs that infrastructure planning and investment must also be considered in terms of strategic advantages and may not always have an immediate business case to support private investment. Hence, it is clear from historic infrastructure development that governments have a clear role to make strategic investments in some critical infrastructure that support growth and ongoing private investment.

There may also be instances where the sharing of commercial risks with private sectors could be considered e.g. in Public- Private- Partnerships (PPP), Build-Operate-Transfer (BOT) and Build-Own-Operate-Transfer (BOOT) models. Governments could also explore non-financial incentives as such free lease-holds on lands to attract investment and infrastructure development.

3.5 Efficient operation of the landside access to the port

The following points of clarity are provided in relation to Section 7 and the description of landside access to the port:

- The VBS should not be used as a generic reference as it is proprietary product of 1-Stop.
- It is assumed that there is a typing error in the following and 'land' refers to 'and' - [Page 73- Section 7.7.3 states that TradeGate "has evolved land the current position would not be the product of a design"]

4 Conclusion

As a significant stakeholder to this discussion, PoMC is keen to remain involved in the development of the National Freight Network Plan as well as National Ports Strategy. Should further clarifications/ information be required, the following personnel can be contacted:

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