

28 September 2023

# Review of the National Freight and Supply Chain Strategy

Submission to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts

Port of Melbourne



Port of Melbourne acknowledges the Bunurong, Wadawurrung and Wurundjeri Peoples of the Kulin Nation as the Traditional Custodians of the land and waters on which our business operates.

We recognise and value their unique cultural heritage, customs, spiritual beliefs and relationship with the land. We pay our respects to their Elders past, present and emerging, and to all Aboriginal and Torres Strait Islander peoples across the communities in which we work.

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# Introduction

Port of Melbourne Operations Pty Ltd (**PoM**) is pleased to provide this submission to the Department of Infrastructure, Transport, Regional Development, Communications and the Arts for consideration as part of the *Review of the National Freight and Supply Chain Strategy* (the **NFSCS**).

PoM sees the NFSCS as an important framework to support coordinated effort by all levels of government and industry in ensuring the long term resilience and efficiency of Australia's freight and supply chain.

PoM has a lead role in connecting various links of the supply chain – on and off port – to optimise the movement of cargo and contribute to the prosperity and well-being of Victorians and Australians. Within this context, PoM would like to see the NFSCS provide the framework for collaboration and coordination of infrastructure delivery and regulation across all layers of government to drive efficiencies across the entire freight supply chain in concert with industry.

## About PoM

The Port of Melbourne (**the Port**) is Australia's largest capital city container and general cargo port, handling more than one-third of the nation's container trade. We operate as a landlord port and are responsible for planning, operating and maintaining port land and shipping channels. We ensure the Port has the capacity and capability needed to handle cargo, and that facilities and infrastructure are developed and maintained as needed.

PoM is owned by some of the largest and most experienced global infrastructure investors with wide-ranging expertise in managing significant infrastructure assets. They are QIC, on behalf of its managed funds and clients, Future Fund, Global Infrastructure Partners, and OMERS Infrastructure.

The shareholders are long term investors and, as such, make investment decisions in the strategic interests of the Port and its place in the national supply chain.

PoM is focused on providing world-class port facilities and services, and we are committed to investing in infrastructure at the Port to drive efficiencies and productivity that support the State's economic growth, job creation and social prosperity. The Port contributes 30,000 jobs and \$11 billion<sup>1</sup> to the Australian economy each year and is committed to servicing the Australian economy.

Located in the heart of Melbourne, among growing communities, vital industrial precincts and transport corridors, the Port is the cornerstone of Victoria's port freight transport network, operating 24 hours a day, 365 days a year. Melbourne has continued to develop and evolve closely around the Port, supporting the prosperity of thousands of businesses and the daily lives of many people across south-eastern Australia.

With the necessary port facilities and transport connections to handle each of the major trades, the Port serves as a vital freight hub for Australia, including southern New South Wales, South Australia and Tasmania.

As the landlord manager of the Port, PoM is responsible for the strategic planning, development and management of the port's operations under a 50-year lease from the Victorian Government.

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<sup>1</sup> [ACIL Allen, 23 February 2023 Report to Port of Melbourne Operations Pty Ltd 2021-22 Economic contribution of the Port of Melbourne](#)

## The Port's supply chain

Freight movements are essential to business and 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, helps 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. As a result, our day-to-day lives depend on the Port running smoothly. Simply put, the better the Port works, the better Victoria works. The Port also generates employment and income for the local community and local industries.

The Port, and our associated freight supply chain, will continue to grow in response to increased trade demand. PoM trade forecasts, developed by Deloitte Access Economics<sup>2</sup>, show an increase in international container movements (excluding Bass Strait) from 2.855 million Twenty Foot Equivalent Units (TEUs) in 2023 to 6.5 million TEUs in 2053.

PoM's 2020 Container Logistics Chain Study<sup>3</sup> shows:

- Most containers (94%) carrying import cargo moved through the Port's international container terminals went to importers located in the metropolitan Melbourne area (within 50km of the Port).
- Most containers (64%) filled with export goods originated from within the metropolitan area.
- Regional areas continue to play a significant role in the Port's export container market with 27% of all full export containers originating from regional Victoria and around 9% from interstate.
- Trucks are the dominant mode of transport for the movement of containers between the Port, transport depots, importers, exporters, intermodal terminals and empty container parks.
- Around 7% of the Port's containers used rail for part of their journey to and from the Port.

This data illustrates the significance of the Port to the supply chain and its critical position as a gateway for imports and exports. The freight logistics supply chains servicing our metropolitan and regional economies require investment to keep pace with forecast demand growth. Road and rail capacity will need to be augmented, in conjunction with ongoing network optimisation and adopting efficient practices and new technologies.

## PoM's support for a NFSCS

In delivering the growth potential of the Port in support of the National economy, ongoing collaboration between PoM, Government, industry, port users and the local community is required to ensure the delivery of an optimal port supply chain.

PoM has a carefully designed long term plan for the sustainable growth and development of the Port. This plan proposes:

- Significant investment in the Port to expand container capacity in line with expected trade demand growth (as well as catering for expected growth in the other important trades which the Port currently serves).

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<sup>2</sup> [Port Capacity Enhancement Program - Port of Melbourne](#)

<sup>3</sup> [Container Logistics Chain Study \(CLCS\) - Port of Melbourne](#)

- Enhancements to on-port and near-port road and rail links to Swanson, Appleton and Webb Docks, including the development of a rail / high productivity freight link to Webb Dock.
- Other ongoing efficiency and productivity initiatives involving existing and proposed new port facilities and terminals to meet forecast trade of all types through the full 50 years of PoM's lease.

An integrated NFSCS, which supports the growth, development and efficient operation of ports, and the freight and supply chain industries they support in Australia, is fundamental to the long term sustainable growth plans for the Port.

To put our submission in context, since the development of the NFSCS in 2019:

- PoM has published the *2050 Port Development Strategy*<sup>4</sup> that sets out a roadmap for the future of the Port. It outlines the high-level plans and approach for developing the capacity and efficiency of the Port over the next 30 years.
- PoM has published *Our Plan for Rail 2020*<sup>5</sup>. The Victorian Government charged PoM with improving rail at the Port through the delivery of a Rail Access Strategy. *Our Plan for Rail* presents our response to the challenge of increasing freight rail transport, with a strategic approach to addressing capacity, access reliability and cost-effectiveness concerns. Like the NFSCS, *Our Plan for Rail* recognises that Government and supply chain participants involved in this wide-reaching network must come together to deliver on policy objectives and deliver mode shift.
- PoM has delivered the Port Rail Transformation Project (PRTTP)<sup>6</sup>. PRTTP creates the infrastructure, operating and commercial models to enable more containers to be moved by rail more efficiently, bypassing roads in inner Melbourne. The project will increase rail terminal capacity and improve rail terminal operations. PRTTP complements the Victorian Port Rail Shuttle Network (PRSN) which aims to promote short haul rail for freight to the three metropolitan hubs at Altona, Somerton and Dandenong South.

PoM has further supported the development and integration of an effective port freight supply chain with a significant capital program since the commencement of the Port Lease in 2016. Capital projects include:

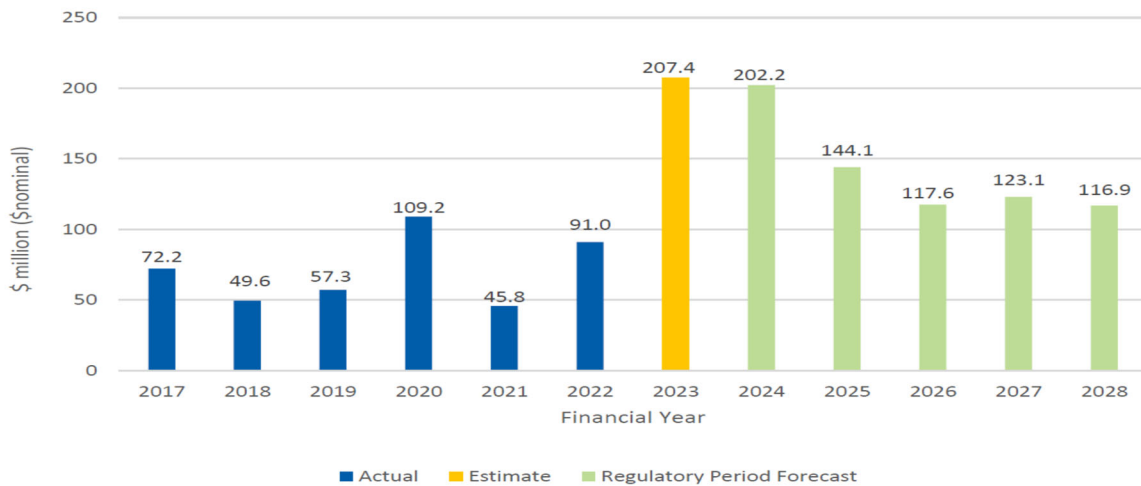
- Completion of the Port Capacity Project in 2016-17.
- Channel Maintenance Dredging.
- Completion of Rehabilitation of Swanson Dock East in 2019-20.
- Commencement of the Web Dock East Berth 4 & 5 Extension in 2020-21 (due to be completed by late 2023).
- Commencement of Swanson Dock West in 2021-22 (due to be completed in 2027).

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<sup>4</sup> [2050 Port Development Strategy | Port of Melbourne](#)

<sup>5</sup> [Our Plan for Rail - Port of Melbourne](#)

<sup>6</sup> [Port Rail Transformation Project - Overview - Port of Melbourne](#)



The chart above shows that PoM continues to invest in infrastructure around the Port to support growth in trade, with a capital expenditure forecast of around \$704 million over the period from 2024-2028. This equates to an average total capital expenditure of around \$141 million per annum, compared to the historical average of around \$90.4 million from 2016-17 to 2022-23.

PoM’s contribution to the NFSCS is informed by:

- PoM’s unique position at the centre of south-east Australia’s supply chain and our commitment to facilitating decarbonisation in collaboration with our stakeholders.
- PoM’s 2050 Port Development Strategy, which provided a road map for the development of additional port capacity and road and rail network connections to ensure an efficient port freight supply chain.
- PoM’s Sustainability Strategy and Net Zero Plan which is aligned with the United Nations Sustainability Development Goals and includes the monitoring and measurement of vessel emissions within PoM waters.
- PoM’s engagement with stakeholders across the port supply chain and other ports internationally to identify and facilitate port planning, infrastructure investment and supply chain efficiencies, which provide PoM with insight into current domestic challenges and global trends.

PoM is pleased to provide input to the Federal Government’s review of the NFSCS to ensure the NFSCS remains fit-for-purpose for the Australian freight and supply chain industry.

Specifically, PoM asks that the Government notes the points made below regarding industry trends and the role of ports.

# Industry trends

It is important to recognise the context and extent of influence of Australia's maritime industry within a global context. PoM's observations and recommendations are made within this context, noting the following industry trends:

- Increasing ship sizes - PoM analysis shows ships bigger than 8,500 TEU are on the horizon and increasing on major trade lanes to/from Australia. Current shipping fleet forecasts suggest a strong transition to the utilisation of vessels in the 8,000 TEU capacity class in the short to medium term, and utilisation of vessels in the 11,000 TEU+ capacity range in the medium to long term.
- Shipping line consolidation - The consolidation of shipping companies and formation of alliances which is changing the commercial dynamics of the shipping industry.
- Trucks - 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 and over 9,300 trucks per day to visit Webb Dock.
- Container trade growth - Each day, the Port handles around 8,000 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. Container trade growth at the PoM is forecast to grow at 2.8%<sup>7</sup> compound annual growth rate from financial year 2023 to financial year 2053.
- Industrial floorspace demand - Between 2015 and 2021, the proportion of e-commerce to all retail trade increased from 5.6% to 12.7%. This has translated into exponential growth in demand for industrial floorspace<sup>8</sup>.
- Resilience - Recent events such as COVID, fires and floods has demonstrated the challenges of resilience in our freight supply chains and the need to have a long term view of infrastructure capacity and performance whilst remaining adaptable to short term fluctuations to build resilience into our supply chains so they can continue to support our communities and economy.
- Decarbonisation - Global and national objectives and initiatives for net zero is driving change across all parts of the supply chain as supply chain participants seek to respond to the challenges of investing in equipment and infrastructure to support the transition to low emissions / alternative fuels. This is creating additional challenges in alternative fuel supply and distribution to respond to demand.
- Productivity and efficiency - With economic recovery post COVID there is an increasing emphasis on productivity and efficiency to manage supply chain costs.
- General trends - The freight supply chain is not immune from the more generalised industry trends of technology, workforce capacity and changing workforce dynamics and cybersecurity risks.

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<sup>7</sup> [Deloitte | Access Economics Trade Forecasts](#)

<sup>8</sup> [Urbis | Greater Melbourne Industrial Land Supply Report](#)



# The role of ports

It is critical that the Port and other Australian ports can continue to invest in critical port infrastructure to support Australia's international competitiveness and supply chain productivity. Ports are major infrastructure assets that deliver on the Australian Government's strategy to protect the essential services and infrastructure that all Australians rely on which is important for our wellbeing, economy, security and sovereignty.

Port freight supply chain efficiency is highly dependent on both private and public infrastructure investment, and in terminal capacity - supporting landside logistics and infrastructure networks – to ensure freight can move efficiently from end to end. It requires all levels of government to have a harmonised strategy and policy settings to bring industry together and collaborate and invest in capacity and productivity enhancements that will position Australia for the future.

# General comments

## 1. The existing six goals

PoM believes the six goals set out in the 2019 NFSCS are still relevant in our freight ecosystem.

The NFSCS requires a collaborative approach between Government and industry that considers the interdependencies across each element of the supply chain. This coordination should incorporate investments into physical infrastructure, regulatory reform and streamlining of processes and land use planning principles across all elements of the supply chain. For example, investment in railway infrastructure should support long term interoperability in line with harmonisation of national operating standards which are currently constrained by differences between jurisdictions and intra-state networks.

## 2. Decarbonisation and supply chain resilience

PoM is supportive of including the contemporary issues of decarbonisation and skills shortages in the updated NFSCS.

### 2.1 Decarbonisation

Climate change and greenhouse gas (**GHG**) emissions are significant issues for PoM and its stakeholders including government, global supply chains, port users and the community.

#### 2.1.1 Marine

International shipping has a significant carbon footprint – amounting to around 3% of global GHG emissions. Both government and industry globally have recognised the need for – and are acting on – maritime emissions. In July 2023, the International Maritime Organisation revised its strategy to include an enhanced common ambition to reach net zero GHG emissions from international shipping close to 2050, a commitment to ensure uptake of alternative zero and near zero GHG fuels by 2030 and indicative check points for 2030 and 2040.

Similarly, as part of the Federal Government's Transport and Infrastructure Net Zero Roadmap, the Government is working with the Australian maritime industry to develop a Maritime Emissions Reduction National Action Plan (**MERNAP**). MERNAP will examine a range of approaches across the port, shipping and energy sectors to support the decarbonisation of Australia's maritime sector which includes the following objectives:

- Support for Australia's national emissions reduction targets with a maritime framework and contribute to global decarbonisation.
- Future-proof Australia's maritime sector and avoid a later, accelerated, disruptive transition by setting signals early.
- Signal to global trading partners Australia's practical pathway to net zero emission shipping in our waters and ports.
- Promote a safe and equitable transition for the maritime sector, particularly for the maritime workforce.

### **2.1.2 Rail**

Rail is a more sustainable mode of transportation compared to trucks, currently emitting five times less emissions than trucks. The Australasian Railways Association reported that in 2020, of the total freight moved by rail, only 5.6% was non-bulk freight. This highlights a significant opportunity to consider mechanisms for rail to play a greater role in moving non-bulk freight, including containers, through our supply chain, particularly on the east-coast of Australia as part of the NFSCS.

### **2.1.3 Road**

In Victoria, there are over 385,000 registered heavy rigid trucks in Australia as of 1 January 2023, with an average age fleet of 16.5 years. This is older than most OECD countries at around 15 years. Many transport companies are looking to venture into clean trucks, including electric and hydrogen, and other innovative trucking solutions such as autonomous trucks.

The NFSCS should provide a supportive environment to trial and pilot new technologies in heavy haulage road transport for future take-up and investment as there are currently few regulatory, policy or market forces to drive fleet renewals. For example, the support for electric trucks to address net zero ambitions could include changes to noise requirements, road access and curfews.

### **2.1.4 The work PoM is doing**

PoM recognises that climate change is a significant global challenge that will have wide-reaching effects on our business, all sectors of the economy and society. We support the Paris Agreement goals and efforts to limit global temperature rise to 1.5 degrees Celsius above pre-industrial levels by the end of this century. We also support the State of Victoria and Australia's transition to net zero emissions.

PoM is committed to managing the risks and opportunities arising from climate change to ensure the long term sustainability of the Port and the ongoing resilience of our assets. We align our approach to climate management and reporting to the recommendations of the Taskforce on Climate-related Financial Disclosures.

In June 2023, PoM set a target to achieve net zero emissions for Scope 1 and 2 by 2030. We will achieve this by sourcing the electricity needed for our business operations from renewables and transitioning our corporate vehicle fleet and marine survey vessel to electric or zero-emissions fuel technologies.

We have also set a target to engage with tenants, shipping lines and other port users on emissions reduction measurement and opportunities to progress the decarbonisation of the port supply chain (PoM's Scope 3 emissions).

In FY22, PoM's Scope 1 and 2 emissions were 2,916 tonnes CO<sub>2</sub>-e, representing only 1% of emissions across the Port precinct.

In FY22 PoM's Scope 3 emissions across the Port precinct (from the port gate on the landside to the boundary of port waters on the marine side) were 360,904 tonnes CO<sub>2</sub>-e. This figure reflects our role at the centre of large global shipping, logistics, road and rail supply chains, with 63% of emissions generated by shipping within PoM waters. Of these, approximately 50% were generated by ships at berth. A further 30% of emissions are generated by PoM's tenants.

More detail on PoM's approach to decarbonisation and our GHG emissions can be found in our Sustainability Reports available at the PoM website<sup>9</sup>.

PoM is engaging with stakeholders across the Port to:

- Understand shared challenges of climate risk.
- Share emissions data and reduction targets.
- Identify renewable energy opportunities and emerging technologies.
- Identify legislation that is being, or needs to be, developed to meet these challenges.

PoM can play a leadership role in the decarbonisation of the Port via infrastructure planning and development, and by enabling actions by marine-side and land-side stakeholders to reduce their emissions.

PoM is:

- Working with industry to reduce emissions including:
  - Working with stakeholders to understand and support the uptake of hydrogen and electric wharf cartage trucks.
  - Better coordination and utilisation of trucks through truck platooning and route planning.
  - Increasing the role of rail for metropolitan containers through the delivery of the P RTP which forms part of Victoria's PRSN to move more import containers on rail.
  - Using latent capacity on the infrastructure transport network during off-peak times.
- Establishing a framework for PoM Scope 3 emissions measurement to include the extended supply chain and working collaboratively with port users to reduce them.
- Working with Freight Victoria, intermodal hubs and supply chain stakeholders to increase rail mode share.
- Coordinating feasibility work among leading shipping lines, producers and the supply chain for a potential green methanol bunkering hub at the Port.
- Working with government agencies (such as DFAT's Partnerships for Infrastructure program), global stakeholder forums (such as the C40 Green Ports forum) and directly with other ports to explore potential decarbonisation initiatives.
- Working with potential partners throughout Asia. We expect to be able to provide further insight as to regulatory and policy enablers on shore power, green shipping corridors, port stay optimisation and alternate fuels.
- Ensuring the Port can accommodate newer, higher technology vessels, and exploring additional decarbonisation opportunities such as ship-to-shore power, electrification and renewable energy, and energy efficiency.
- Encouraging cross industry collaboration, open access and multi-user infrastructure where there are common demands across modes (i.e. ships, road, rail).

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<sup>9</sup> [Sustainability - Port of Melbourne](#)

## Recommendation

1. The Review should explore the development of a coordinated roadmap for decarbonisation across all transport including innovative freight operations.
2. The Review should look to integrate the work undertaken by Government to develop a Transport and Infrastructure Net Zero Roadmap and Action Plan into the NFSCS, including MERNAP.
3. The objectives of the NFSCS should be interconnected and support state, local and industry decarbonisation initiatives while ensuring there is alignment and opportunity to work together and measure the overall effectiveness of the goals.

## 2.2 Supply chain resilience

The NFSCS is an important framework to support coordinated effort in ensuring the long term resilience and efficiency of Australia's supply chain. In recent years, there has been significant change to the Australian supply chain landscape, with:

- Changes to logistics supply chains, warehousing arrangements, consumer demand and geographical distribution.
- Increased cost because of geopolitical events, disruptions and supply shortages that has led to the pursuit of improved efficiencies and changes in the supply chain.
- Significant international and national emergencies requiring coordinated responses including the 2019-20 bushfires and the COVID-19 pandemic.
- Heightened concerns around resilience and risks including those stemming from climate change and cybersecurity which have led to measures like the critical infrastructure reforms.
- Increasing investment costs driven by increased costs for materials for construction and competition for limited resources.

With this changing landscape, the NFSCS needs to emphasise and address the changing landscape and existing initiatives. It should bring stakeholders together to establish how we would like our supply chain to work and the infrastructure that is required to support this. The NFSCS should ensure that policy, strategic and statutory planning and regulatory support is embedded to enable stakeholders to deliver development plans to support the required investment in capacity and productivity.

## Recommendation

4. The NFSCS should build on lessons learnt from critical events to ensure that coordinated response management is even more effective and efficient and that there is ongoing investment to provide resilience to current and new infrastructure across the supply chain.
5. The NFSCS should consider a review of the status and resilience of our existing network infrastructure and consider prioritisation of maintenance and remediation investments to build long term resilience in supply chain infrastructure.

## 2.3 Technology

PoM suggests the Review consider incorporating the role of technology to meet the goals identified in the NFSCS and the contemporary issues of decarbonisation and supply chain resilience. For example, digital technologies can play a role in achieving decarbonisation of the shipping industry, from route planning, to lower fuel consumption and emissions, to providing shippers the opportunity to measure carbon footprints through various shipping platforms in the marketplace.

### Recommendation

6. The NFSCS should provide a platform and mechanisms for cooperation and collaboration to explore the role of technology in facilitating supply chain efficiency and productivity.

## 3. What PoM would like to see in the revised NFSCS

### 3.1 Timeframes

Clear key performance indicators and targets should be established for the NFSCS and reported against across all levels of Government. Whilst a coordinated approach to setting goals and outcomes may be challenging, they are critical to ensure adherence to the agreed NFSCS. PoM understands that the NFSCS is reviewed every five years, with an annual report published every year to highlight the progress of projects and initiatives at all levels of Government. This should be complemented with a framework that identifies collective priorities across the freight supply chain sector to enable Government and the private sector to come together to achieve the goals and address any gaps in the NFSCS.

### Recommendation

7. The NFSCS should have a clear annual plan and 5-year outlook of aligned investment priorities in the national freight supply chain.

### 3.2 Protection of key freight nodes and transport corridors

The Port is located at the heart of Melbourne. Our central location is a key strength to getting goods to people in an efficient and effective manner. PoM's 2020 Container Logistics Chain Study shows the majority of containers (94%) carrying import cargo moved through the Port's international container terminals went to importers located in metropolitan Melbourne. Similarly, around 64% of containers filled with export goods originated from within the metropolitan area. Consistent with other capital city ports, a structured and coordinated approach to metropolitan planning is required to ensure key freight nodes and transport corridors are protected.

Not only is the outer west of Melbourne the container and warehousing capital of greater Melbourne, it is also a rapidly expanding residential growth area. Infrastructure Victoria's (IV's) Major Transport Program Strategic Assessment Report shows that the competitiveness of knowledge and industrial employment areas is being increasingly compromised by deteriorating business to business connections, including freight.

IV's report also shows that within metropolitan Melbourne, there is expected to be growth in freight demand between key transport gateways, particularly between the north and west. The Report highlights that travel times between the northern state significant industrial precincts and the Port are expected to increase by 27% between 2018 and 2036 and 50% by 2051. This is driven by continued growth in industries such as

logistics and manufacturing, along with key movements to and from Melbourne Airport, and key interstate and intrastate corridors, including the future transport gateways of the Western and Beveridge Intermodal Freight Terminals. Preserving existing freight corridors, reserving future corridors, and creating suitable buffer zones between residential and industrial zoned land, is critical to ensure that the supply chain maintains and improves efficiency.

Provision of these corridors is consistent with the Victorian State Government's Melbourne Industrial and Commercial Land Use Plan (2020) which builds on policies and actions from Plan Melbourne 2017-2050.

An independent review into Victoria's port systems that was published by the Department of Transport and Planning in November 2020 noted that buffer controls for incompatible uses in the land surrounding the State's commercial ports require strengthening.

During the COVID-19 pandemic, fluctuations in customer demand, restrictive movements of resources and supply side disruptions caused significant service, demand and economic uncertainty. As such, many curfews related to freight were lifted. Curfews were reinstated in 2023.

With increasing residential encroachment in and near port related industries, ensuring the supply chain can continue to operate efficiently is paramount. This work is being continued by the Victorian Department of Transport and Planning through a Planning update to the Port Development Strategy Ministerial Guidelines.

Underpinning the above, is ensuring that there is sufficient industrial land available in proximity to our key transport corridors to facilitate efficient warehousing and distribution to service the economy. Research released by the Property Council of Australia<sup>10</sup> shows that there is only four years of zoned industrial supply remaining. It is essential that our land use planning and land allocation is contemplated as a critical element in the port freight supply chain (just like critical infrastructure components).

## Recommendation

8. The Review should encourage a strong link between state and national plans with sufficient accountability, including setting targets for monitoring and reporting, while promoting awareness of the supply chain across departments. It should also ensure that local councils continually consider the provision of adequate industrial land in their planning, including requiring impact statements where industrial land is subject to change.
9. The Review should consider what research might be required to support structural change to enable industrial land to be considered a key response to economic growth and freight demand.

### 3.3 Support to streamline information and data for decision making

The use of technology and automation is gathering pace at Australian ports and it's important that the goals of the NFSCS can streamline information and data for decision making.

PoM is undertaking significant capital projects at the Port to support supply chain network connectivity. Improved information is critical to support investment decisions and identify realistic opportunities to improve supply chain efficiencies.

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<sup>10</sup> [Urbis | Greater Melbourne Industrial Land Supply Report](#)

PoM notes the Government is working on the:

- Simplified Trade System (**STS**); and
- Maritime Single Window (**MSW**).

PoM believes the information and data gathered will greatly assist in the understanding of Australia's supply chain.

## Recommendation

- 10.** The NFSCS should include a process flow to capture data from the STS and MSW into the National Freight Data Hub.
- 11.** The NFSCS should include an initiative that looks at how the STS and MSW can feed data to the four key areas of the 2019 National Action Plan.



# Specific comments

This section is structured to provide a response to the specific questions raised in the Inquiry into Review of the NFSCS Discussion Paper (August 2023).

## Question 1: Do the Strategy's current goals support the needs of the freight and supply chain sector moving forward?

PoM believes the goals set out in the 2019 NFSCS are still relevant in our freight ecosystem. PoM would like to see them continue to evolve as per our comments below.

### 2019 NFSCS GOAL | Improved efficiency and international competitiveness

#### Integrated approach

It is imperative that a national approach is taken to simplify and digitalise Australia's trade system to ensure consistency and maximise efficiencies for government, importers, exporters, transporters and other supply chain entities. The Australian freight task is interconnected and many freight transporters are national organisations undertaking services between jurisdictions. National interoperability of supply chain systems and harmonisation of standards should continue to be required, where possible.

#### Recommendation

12. The NFSCS should support adoption and implementation of national and global standards, and support common platforms, to reduce transaction costs and support interoperability along supply chains.

#### Measurement of freight performance

The ability to improve efficiency is reliant on supply chain data being available. Accurate, timely data allows for identification of issues and bottlenecks, proper planning and accurate understanding of the impact and effectiveness of a certain measure.

PoM would like access to Australian Border Force Integrated Cargo System data to better understand freight supply chain movements and for the National Freight Data Hub to be the complete and downloadable source of freight related information. An understanding of the routes used to and from origin / destination locations, freight corridor movements and preservation, identification of distribution centres and industrial areas servicing imports and exports can inform day-to-day transport operations and medium to long term infrastructure investment and land use planning that will enhance the total supply chain efficiency.

#### Recommendation

13. The NFSCS should continue to support the National Freight Data Hub, improved supply chain efficiency metrics and increased access to supply chain efficiency data from across the supply chain network.

## 2019 NFSCS GOAL | Safe, secure and sustainable operations

The efficient movement of goods requires the development of policy and infrastructure that supports sustainable operations (for example, investment in technology for clean freight vehicles, automation of terminal equipment and trucks).

Ensuring 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. PoM's 2050 Port Development Strategy includes a freight link to Webb Dock, which will be the location of much of the Port's future growth. Government support in ensuring road and rail connectivity to existing and new infrastructure is critical.

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 existing supply chains and, while road transport will always play a dominant role in container movements, 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 needs to be addressed to ensure 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 jurisdictions and freight modes to promote network resilience including the standardisation of rail gauges and weights.

### Recommendation

14. The NFSCS should look at mode shift to rail (both policy and funding) and address the lack of interoperability across intra-state networks.

## 2019 NFSCS GOAL | A fit for purpose regulatory environment

PoM operates the Port within a context of stringent statutory, regulatory and contractual commitments. Our stewardship obligations guide PoM's planning and investment. PoM's framework for, and approach to, investment considers what is in the best interests of the Port and Australia as a whole.

The success of the broader freight systems in Australia depends largely on cooperation between all levels of government and industry for implementation.

PoM is supportive of a regulatory environment that promotes the freight industry. As highlighted in the discussion paper, supply chain disruptions over the past few years and up and coming issues including decarbonisation and supply chain resilience in the freight and logistics sector warrant a fit for purpose regulatory environment for infrastructure investment and policy development.

In addition, the freight sector competes with existing infrastructure that primarily serves the Australian community such as shared passenger rail network. This skews the regulatory environment towards passengers, making mode shift for freight challenging in Victoria and Australia.

PoM is supportive of the 2021 National Urban Freight Planning Principles. As volume and freight activity at the Port continues to increase, pressures on our freight network will grow as Australia's increasing population drives competition for land and space on transport networks.

These principles need to be incorporated into local government planning schemes and recognise the critical importance of freight routes and corridors across Australia. Ports can plan and invest in improved

landside logistics, however for efficiency gains to be realised, the rest of the supply chain needs to be set-up to be able to manage increased capacity.

### Recommendation

15. The NFSCS should have a focus on protecting freight corridors to/from origin and destination.
16. The NFSCS should adopt appropriate land use planning controls that ensure ports, and associated road and rail connections, are protected from urban encroachment and potential future operational constraints. This requires a significant elevation of protection than is currently in place at most ports.

## 2019 NFSCS GOAL | Innovative solutions to meet freight demand

There are many examples of innovative initiatives being undertaken that will drive productivity and efficiency across the supply chain such as the STS and MSW being developed by Government. Similarly, industry has been able to provide solutions during crises as seen during the COVID-19 pandemic and fire and flood responses over recent years.

PoM is supportive of the NFSCS looking at innovative solutions to meet freight demand and support productivity and efficiency gains, including policy and investment strategies for modal shift to rail and decarbonisation. As the freight and logistics industry moves towards clean transportation, the inclusion of decarbonisation into the updated NFSCS and National Action Plan is welcomed.

There is a role for Government to facilitate collaboration across the industry to trial and deploy innovative solutions in Australia's energy transition towards net zero. Research and development and planning policies, including the harmonisation of standards, will play a strong role here.

### Recommendation

17. The NFSCS must be looked at in the context of broader policy settings that will facilitate collaboration so that industry can respond collectively to deploy research and development and solutions to meet growing freight demand and disruptions.

## 2019 NFSCS GOAL | A skilled and adaptable workforce

The NFSCS needs to consider the recent examples of skills shortages in the freight industry and the appropriate measures required to determine future workforce requirements. The NFSCS should look at ways to foster a collaborative environment to harmonise the skills and workforce of this industry that will provide a pathway for it to be recognised across different jurisdictions and networks through appropriate training and credentials.

PoM feels the NFSCS has an ongoing role to play to:

- Ensure a coordinated approach to overcome the shortfall of skilled workers in the freight and logistics industry.
- Examine and anticipate technological changes that will shift how the workforce operates.

## 2019 NFSCS GOAL | An informed understand and acceptance of freight operations

The Port witnessed an enhanced understanding and acceptance for continuous freight operations during the 2020, 2021 and 2022 COVID-19 period and would like to see learnings from that examined.

As a city port, surrounded by communities, the Port is keen to see a coordinated approach to educating the community on the importance of freight operations.

### Question 2: Should other goals be included in the Strategy, and if so, what?

As discussed above, PoM is supportive of including contemporary issues of decarbonisation and skills shortages in the updated NFSCS.

### Question 3: Should the National Action Plan focus on a smaller number of targeted national actions, or do you want to retain the existing reporting structure?

PoM thinks that the National Action Plan should focus on a smaller number of targeted national actions (rather than business as usual projects).

### Question 4: If we focus on a smaller number of targeted national actions, what action areas should be included in the National Action Plan that require national coordination?

PoM would like to see the following targeted national actions progressed:

#### 1. Finalisation of Inland Rail Domestic Terminals and Capacity

There currently appears to be no relationship between the NFSCS and major infrastructure initiatives such as Inland Rail and the National Intermodal Corporation.

While the National Intermodal Corporation has acquired a 1,100 hectare site for the Beverage Interstate Freight Terminal precinct in the northern suburbs of Melbourne, there has been no recent update on the development of the Western Intermodal Freight Terminal. As shown in the 2020 Container Logistics Chain Study, the outer western suburbs of Melbourne have the largest portion of import (37%) and export (34%) containers.

## Recommendation

**18.** PoM would like to see a continued focus on the development of the Western Intermodal Freight Terminal.

#### 2. Increase rail mode shift particularly for imports on port shuttles

PoM's 2020 Container Logistics Chain Study shows 94% of import volumes were destined for a metropolitan address. The delivery of a successful Victorian PRSN is vital for getting trucks off roads and increasing the rail mode share of Melbourne's international imports. The majority of east coast container ports have similar issues to move more import containers on rail which is essential to achieve rail mode share targets as part of sustainable transport solutions.

Our Recommendations 14, 15 and 16 outline the initiatives we would like to see explored to increase rail mode shift.

### **3. Preservation of freight corridors**

PoM applauds the release of the National Freight Planning Principles as part of the NFSCS. While this has been put into practise at the Federal and State levels, more work needs to be done to ensure freight sites and corridors are incorporated in local council planning schemes. As indicated above, PoM trade forecasts (excluding Bass Strait) show TEUs increasing from 2.855 million TEUs in 2023 to 6.5 million TEUs in 2053 which will require freight routes to be protected.

Our Recommendations 8, 9, 15 and 16 outline the initiatives we would like to see explored to preserve freight corridors and industrial land.

### **4. Low emission freight strategies as we transition to clean transport**

Moving freight in a sustainable manner requires a coordinated approach by Government and industry. PoM requires favourable regulatory settings for investments and collaboration with international counterparties for research and development to achieve net zero emissions and the applicable rules/definitions/standards and sustainability criteria in Australia as part of our decarbonisation journey.

For example, one of the key issues is regulatory settings under the Australian Design Rules that are not aligned with international standards for width and steer axle mass limits on electric heavy-duty trucks.

Our Recommendations 1 and 2 outline the initiatives we would like to see explored to facilitate decarbonisation across the freight supply chain.

## **Question 5: What KPIs are useful to measure the success of the Strategy?**

Industry needs consistent, reliable and relevant supply chain performance measures that go beyond port throughput and productivity and assess performance of the end-to-end supply chain. These measures are critical to support investment decisions and identify realistic opportunities to improve supply chain efficiencies.

Our Recommendations 7 and 8 outline the initiatives we would like to see explored to facilitate the development of KPIs for the success of the NFSCS.

## **Question 6: What data do we need from industry, state and territory governments to measure potential KPIs?**

PoM believes the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (or another relevant body) should be tasked with engaging with industry to consolidate consistent, reliable and relevant end-to-end supply chain metrics. A good example is the work undertaken by the Bureau of Infrastructure and Transport Research Economics to engage with Ports Australia on improved container port efficiency measures due to the gaps and limitations identified in the World Bank / S&P Global Container Port Performance Index. This collaboration aligns with the National Freight Data Hub project on better quality efficiency data for container ports.

Our Recommendations 10 and 11 outline the initiatives we would like to see explored the data requirements for the NFSCS.

### **Question 7: What outcomes, findings or principles should the Review take into consideration from related works?**

The NFSCS should consider outcomes of recent Government reviews on the freight and logistics industry including:

- Productivity Commission – Productivity of Australia’s maritime logistics system
- Productivity Commission – Vulnerable Supply Chain Study
- Independent Review of the delivery of the Inland Rail Program
- Independent Review of Victoria’s Port System
- Infrastructure Victoria’s Major Transport Program Strategic Assessment Report
- Melbourne industrial commercial land use plan

PoM has also undertaken collaborative and independent studies of the port supply chain network that would be beneficial for the NFSCS to consider including:

- 2020 Container Logistics Chain Study
- PoM future containership fleet analysis to 2050
- PoM trade forecasts summary report and sensitivity analysis to 2050

### **Question 8: Are the current governance arrangements appropriate to support the effective implementation of the Strategy going forward?**

PoM would like to see the current governance arrangements evolve to address key challenges and improve transparency.

The NFSCS could consider the approach taken by the Federal Government to review the \$120 billion Infrastructure Investment Program to ensure that the initiatives included in the NFSCS are of national significance and continue to contribute to the goals of the NFSCS.

### **Question 9: What role, if any, should the Freight Industry Reference Panel have to support the implementation of the Strategy?**

PoM recognises the important role of the Freight Industry Reference Panel in helping implement the NFSCS. PoM thinks the Panel should have a bigger role in coordinating and communicating the progress of the NFSCS with industry peak bodies to ensure the private sector can have an objective assessment of the projects being delivered.

# For more information

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