



REVIEW OF THE NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY

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

Ports Australia appreciates the opportunity to provide feedback to inform the review of the *National Freight and Supply Chain Strategy* (the Strategy). The Strategy has been an important document establishing a coordinated approach amongst the states and territories, and commonwealth, as well as industry and government to better address current and emerging supply chain issues. It has been well received by industry, and whilst there is much that continues to be relevant in the Strategy, there a reasonable number of changes necessary to ensure its continued relevancy and the success of its implementation.

Ports Australia is the peak industry body representing both publicly and privately owned port authorities and corporations across Australia. Ports Australia is governed by a Board of Directors comprising the Chief Executive Officers of 11 port corporations from across Australia.

Below are general recommendations, as well as details on specific recommendations related to the Strategy, that Ports Australia considers are necessary to continue to have a relevant and effective Strategy. These are set out in Table 1, with feedback structured according to which Strategy aspect it most relates to, aligning with the existing Strategy Goals and the four Critical Action Areas. Should the Department require further information on any of the information provided, please do not hesitate to contact Ports Australia.

Table 1. Ports Australia’s recommendations on the National Freight and Supply Chain Strategy

Strategy Aspect	Recommendation	Rationale
General Recommendation	Support the National Freight and Supply Chain Strategy and its review	<p>The Strategy 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:</p> <ul style="list-style-type: none"> – strengthened international and Australian decarbonisation goals, such as International Maritime Organization (IMO) member states agreeing to reach net-zero emissions by or around 2050 and Australia’s own plan to reach net-zero emissions by 2050; – increased digitalisation of supply chain data, such as through the IMO mandating the facilitation of a maritime single window for data exchange for all ports around the world; – significant international and national emergencies requiring coordinated responses including the 2019-20 bushfires and the COVID-19 pandemic; and – heightened concerns around resilience and risks such as those stemming from climate change and cybersecurity which have led to such measures as the critical infrastructure reforms. <p>With this changing landscape, the Strategy needs to appropriately emphasise and address the changing landscape and existing initiatives.</p> <p>National concerns surrounding container port productivity influenced by international reporting and the global supply chain disruption impact on Australia, resulted in the Productivity Commission undertaking an inquiry into the long-term productivity of Australia’s maritime logistics system over two years (2021-2023). A thorough examination of Australia’s container port efficiency, infrastructure investment, industrial relations and technology uptake. The final report provides a contemporary understanding of container port readiness to meet Australia’s current and future needs. In particular, the report references the sufficient regulation of ports and sufficient investment by Australian ports in system and physical infrastructure that will position Australia well into the future.</p> <ul style="list-style-type: none"> – <i>Finding 5.3 No case has been found for further [container port] regulation</i> – <i>Finding 7.1 Port expansions to accommodate bigger container ships do not need taxpayer funding</i> – <i>Finding 7.2 Most container ports are planning substantial investments in rail infrastructure</i> – <i>Finding 11.1 Technology use at Australia’s major container ports is in line with international practice</i> – <i>Finding 11.3 Government overhaul of cargo clearance systems would deliver ongoing benefits to the supply chain</i> <p>Therefore, it is suggested that this Strategy support the findings of the report and focus on data transparency, digitalisation of systems and physical rail and road investment to enable further interconnected supply chain efficiencies.</p>

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General Recommendation	Include an opportunity for public response following the consultation workshops	The review process indicates that there will be consultation workshops that will occur after the discussion paper submission period closes. Given that new ideas will be raised in the workshops, it is recommended that there be a further consultation opportunity to enable stakeholders to provide feedback on workshop findings.
Critical Action Area 1: Integrated Approach	Identify and draw upon information and recommendations across supply chain related government bodies and inquiries, either time specific or ongoing that will add to the improved efficiency and international competitiveness of Australia's supply chain (<i>relates to all Strategy Goals</i>)	<p>An increased number of supply chain related government bodies exist and inquiries have been undertaken both at the national and state levels. A lot of these include a substantial amount of research and engagement with similar stakeholders, and these need to be drawn together and feed into Strategy as agreed at the Ministerial council.</p> <p>For example, Ports Australia is currently involved in numerous government led committees / bodies examining valuable measures to improve trade efficiency, including:</p> <ul style="list-style-type: none"> - Customs Advisory Board (now split into two groups Freight and Travel) (Australian Border Force) – 4*meeting / year - Maritime Industry Security Consultative Forum (Department of Home Affairs) – 2*meeting / year - National Committee on Trade Facilitation (Department of Home Affairs) – 2*meeting / year - Trusted Information Sharing Network (Department of Home Affairs) – no future meetings dates at present - Shipping Consultative Forum (Australian Maritime Safety Authority) – 2*meeting / year - Australian Seafarer Welfare Committee (Australian Maritime Safety Authority) – 2*meeting / year - National Plan Strategic Industry Advisory Forum (Australian Maritime Safety Authority) – 2*meeting / year - Department Cargo Consultative Committee (Department of Agriculture, Fisheries and Forestry) – 2*meeting / year - Infrastructure Consultative Committee (Australian Competition and Consumer Commission) – 2*meeting / year - Federal Ministerial Council of Transport and Infrastructure – TBA - Simplified Trade System (STS) Industry Advisory Council (IAC) Working Group (STS Implementation Taskforce) – TBA - Western Australia Freight and Logistics Council (WA Department of Transport) – 2*meeting / year - Westport Industry Reference Group (WA Department of Transport) – 2*meeting / year - Freight and Transport Advisory Council (Transport for NSW) – 4*meeting / year
Critical Action Area 1: Integrated Approach	Continue to strongly support Action 2.1 Adopt and implement national and global standards, and support	It is imperative that a national perspective is taken to simplification and digitalisation of 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. Particularly with the recent

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	<p>common platforms, to reduce transaction costs and support interoperability along supply chains (<i>relates to the Strategy Goal: Improved efficiency and international competitiveness</i>)</p>	<p>developments around maritime single window being required by the IMO, the progress towards a simplified trade system and the nature of shipping being international, national interoperability of supply chain systems and harmonisation of standards should continue to be required, where possible.</p>
<p>Critical Action Area 2: Measurement of Freight Performance</p>	<p>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 (<i>relates to the Strategy Goal: Improved efficiency and international competitiveness</i>)</p>	<p>To properly manage efficiency, the supply chain should be examined as a single entity. The ability to improve efficiency is highly reliant upon current supply chain efficiency data being available. This allows for: accurate identification of issues and bottlenecks, proper planning and accurate understanding of the impact and effectiveness of a certain measure.</p> <p>Data availability is an aspect that Ports Australia has continued to raise with government including in 2020 with a request to obtain container origin / destination data held by the Australian Border Force. This data is invaluable for ports, their stakeholders and governments, as it provides essential planning information. An understanding of the routes used to and from origin / destination locations, utilisation of land contiguous to the wharves, 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.</p> <p>The Productivity Commission also highlighted the importance of supply chain efficiency data as part of its findings in 2023 following its inquiry into Australia's maritime logistics system with <i>Finding 3.1 The framework for measuring Australian container port performance could be enhanced</i>. Ports Australia has continued to work with the Bureau of Infrastructure and Transport Research Economics on this having come to an agreed set of revised container port efficiency metrics, and work to now report on these is underway.</p>
<p>Critical Action Area 3: Planning and future needs</p>	<p>Jurisdictions need to continually consider industrial land in their planning, including requiring impact statements where industrial land is subject to change</p>	<p>This recommendation is to further support the <i>Strategy Plan Action 3.2 Strengthen the consideration of freight in all other government planning and decision-making</i>. Since the Strategy was developed, the National Urban Freight Planning Principles were developed and it is these Principles that should be further emphasised in the future Strategy. 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 setup to be able to manage such increased capacity. It therefore a matter that needs to be examined in conjunction with the entire supply chain network. It is recommended that where there are proposed future changes to industrial lands, that these changes should be subject to an impact statement, including an impact assessment.</p>

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Critical Action Area 3: Planning and future needs	Ensure state planning ministers are aligned with the Strategy, by having each sign off on the Strategy along with the national and state infrastructure ministers	<p>This recommendation is to further support the <i>Strategy Plan Action 3.2 Strengthen the consideration of freight in all other government planning and decision-making</i>. Since the Strategy was developed and the development in 2022 of the National Urban Freight Planning Principles, there have been genuine pressures on industrial lands such as with the Greater Sydney Commission Industrial Lands Policy Review. Improper industrial lands planning could not just have an impact on one jurisdiction but across Australia. As the supply chain is interconnected across Australia, the impact of not allocating or properly planning for industrial space in one jurisdiction could have consequential effects on the supply chain across the country. A result of proper planning means that land use can be maximised for the long-term benefits of the state.</p> <p>Given the diversity and number of supply chain partners, the role of state governments in developing planning policy that positions the state well for its future freight needs, is significant. By doing so, positive social and economic outcomes may be realised for industry and individuals, and in turn the state economy.</p>
Critical Action Area 3: Planning and future needs	A specific focus on decarbonisation is critical (<i>relates to the Strategy Goal: Safe, secure and sustainable operations</i>)	<p>Whilst reference was made to the provision of incentives for the adoption of more productive, efficient and environmentally sound and safe processes (primarily directed at road transport - focus area 4.8), the review needs to now consider the rapid shift towards a decarbonised transport supply chain both domestically and internationally. Decarbonisation advances for domestic transport operators can be actioned such as through road to rail mode shift for regular medium-to-long distance routes and this should be further encouraged.</p> <p>Internationally owned and operated shipping is the lifeblood to the Australian economy and is also a reasonable proportion of international emissions. As these vessels are outside of Australia's direct control, Australia needs to prepare itself for when significant international decisions are made in relation to future fuel types which will be made in conjunction with the IMO and international ship owners. As Australia has lower international leverage in these arenas, being prepared and ready to act once future fuels have been better determined will ensure cost-effective investments for Australia, which services a small population that is dispersed over a large geographically remote area. To ensure longevity, future measures to decarbonise should be also viewed from an economically sustainable lens, especially given Australia is reliant on the international shipping fleet.</p> <p>There also exists a possibility that freight volumes will be impacted by decarbonisation targets, incentives and actions and that this may also reduce the efficiency of supply chains. These risks and opportunities need to be understood early to ensure Australia's supply chains and trade are adaptable to these shifts.</p> <p>As part of the decarbonisation actions, there needs to be clear support for bunkering of future fuels in Australia, and setting up appropriate infrastructure and operations to support the entire supply chain of</p>

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		<p>future fuels (well to wake). Ports Australia is encouraging of a mapping exercise to understand the future fuel needs, and supporting supply chain and infrastructure requirements for Australia to have a coordinated advantage in this emerging sector.</p>
<p>Critical Action Area 3: Planning and future needs</p>	<p>Focus on resilience, including in relation to cybersecurity <i>(relates to the Strategy Goal: Safe, secure and sustainable operations)</i></p>	<p>Despite international and national emergencies, the Australian supply chain continues to demonstrate its strength and flexibility in meeting import and export needs. This was exemplified during international shocks from the COVID-19 pandemic including increased global demand of resources and manufactured goods, increased global demand of shipping containers and vessels, increased port congestion, and temporary shutdowns of key manufacturing sites and hubs, and freight transporters including ports. Whilst there was a degree of impact felt in Australia, largely in the form of delays, Australia's supply chains remained resilient, as acknowledged by the Productivity Commission in its vulnerable supply chains study report, 'Australia's supply chains proved generally resilient in response to the COVID-19 pandemic, unexpected trade restrictions, the devastating 2019-20 bushfires and 2021 floods in Eastern Australia.'</p> <p>The Strategy should build on lessons learnt from critical events to ensure that coordinated response management is even more effective and efficient. This will provide government, supply chain entities and the Australian population even greater confidence going forward. There are enhanced risk management requirements for much of the supply chain with the critical infrastructure reforms that have been put in place over the last couple of years. These reforms attempt to identify and ensure critical entities are undertaking adequate risk management across all-hazards including cybersecurity. It is recommended that the critical infrastructure legislation is referenced in this strategy.</p>
<p>Critical Action Area 3: Planning and future needs</p>	<p>Address regulatory measures that cause unnecessary preferencing of certain freight transportation modes <i>(relates to the Strategy Goal: A fit for purpose regulatory environment)</i></p>	<p>This aligns with the <i>Strategy Plan Action 3.4: Improve regulation to be more outcomes focused and risk-based to support innovation and reduce regulatory burden whilst maintaining safety, security and sustainability</i>. As mentioned above, following the Productivity Commission undertaking an inquiry into the long-term productivity of Australia's maritime logistics system, it concluded <i>Finding 5.3 No case has been found for further [container port] regulation</i>. Regulatory measures that cause unnecessary preferencing or incentives for certain freight transportation modes over others, where that mode is not the most cost-efficient should be re-examined. An example of this was identified in the Productivity Commission report which found that current coastal shipping regulation impedes competition and provided <i>Recommendation 12.1 Amend coastal shipping laws to increase competition</i>.</p>
<p>Critical Action Area 3: Planning and future needs</p>	<p>Support workforce capacity and diversity <i>(relates to the Strategy Goal: A fit for purpose regulatory environment)</i></p>	<p>With an ageing supply chain workforce, Ports Australia supports measures to increase workforce capacity through appropriate skilled visas and improved awareness, education and promotion of the industry. Any future examination of workforce planning around skills must recognise the difference that exist across the</p>

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	<p><i>Goal: A skilled and adaptable workforce)</i></p>	<p>port sector and the skills required. Whilst many port authorities have considerable need for operational maritime skills, not all ports require maritime skills to perform the various roles conducted landside.</p> <p>At present, there is also a lack of gender balance in the sector with the United Nations Conference on Trade and Development noting that women’s participation rate in ports is 18%. Thus, there should be clear prioritised actions to enhance this opportunity for the industry, and increase gender and other diversity amongst the industry workforce.</p> <p>Beyond the port itself, the supply chain very much relies on trucking in certain locations, for certain commodities, and for certain movements. Reliance on trucking means a strong supply of truck drivers is necessary, which has been lacking, thus constraining Australia’s exports and port productivity since COVID-19. Due to the criticality of this profession to the national economy, it is essential that this shortfall is addressed. Awareness of and regard for trucking and broader supply chain professions amongst the population is needed to assist with this.</p>
<p>Critical Action Area 3: Planning and future needs</p>	<p>Support a workforce that is oriented for skills of the future <i>(relates to the Strategy Goal: A skilled and adaptable workforce)</i></p>	<p>Education opportunities need to be available that support the future supply chain skills such as in automation, whether that be for ports, road or rail. In addition, workplace agreements need to be appropriate to ensure supply chain entities continue to be equipped with personnel that have necessary skills for changing and future roles. This was pointed out in one of the Productivity Commission’s key points in its report into the long-term productivity of Australia’s maritime logistics system, ‘Limits should be placed on clauses in container terminal operators’ enterprise agreements that are highly restrictive and constrain the ways that workers and equipment can be deployed’.</p>
<p>Critical Action Area 3: Planning and future needs</p>	<p>Support efficient workplace negotiations <i>(relates to the Strategy Goal: A skilled and adaptable workforce)</i></p>	<p>Ports Australia understands the importance of workplace negotiations to ensure all parties are able to advocate for and obtain necessary and effective working rights, however, Ports Australia considers that extended negotiations hamper supply chain productivity, and that more streamlined negotiation processes between these parties should be considered. As part of the Productivity Commission’s key points in its report into the long-term productivity of Australia’s maritime logistics system, it highlighted this stating ‘The Government has amended the Fair Work Act to seek to limit intractable bargaining, but more effective remedies are needed to reduce industrial action that harms consumers, importers and exporters’.</p>
<p>Critical Action Area 4: Act to deliver the priorities</p>	<p>A stronger link between state and national plans with sufficient accountability,</p>	<p>Clear key performance indicators and targets should be established for the Strategy and reported against. Whilst reporting mechanisms are difficult as it requires coordinated efforts through state, local governments</p>

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	including setting targets and accurate monitoring and reporting. Improved communication about strategy, plans and progress against targets.	and industry, it is critical that Australia has assurance the Strategy and Strategy Plan are being adhered to and important measures and targets are not being missed.
Critical Action Area 4: Act to deliver the priorities	Ensure state planning ministers are aligned with the Strategy, by having each sign off on the Strategy along with the national and state infrastructure ministers.	<i>As above.</i>