

27 July 2017

Submission to National Freight and Supply Chain Priorities Inquiry

The WA Port Operations Taskforce (Taskforce) welcomes the National Freight and Supply Chain Priorities Inquiry being undertaken by the Australian Government and is pleased to make a submission.

The Taskforce is an industry consultative body established in 1987 and is hosted and funded by Fremantle Ports. The Taskforce provides an important forum for identifying, discussing and resolving port-related and upstream logistics issues, with the main focus on the import/export container supply chain in Western Australia.

Membership is drawn from across industry and includes representatives from road transport, customs brokers and freight forwarders, container terminals, shipping lines and container park operators together with importers and exporters. Fremantle Ports and other relevant Government agencies including Main Roads WA, Australian Border Force and the Department of Agriculture and Water Resources are also members, as well as a number of industry associations.

The Taskforce meets monthly to discuss a wide range of key operational and logistics issues, policy decisions and industry advances, and determines any associated actions that need to be undertaken.

This submission focusses on the priority issues and opportunities facing Taskforce members and the WA supply chain.

1. An understanding of WA's particular requirements

Western Australia has particular supply chain requirements with freight being integral to the WA economy. The supply chain in WA is required to cover significant distance, and includes access to and from remote communities where, often, the infrastructure is lacking. Funding is often focussed on metropolitan areas, however due to the importance of mining and agriculture in WA, regional and remote supply chain access needs to become a higher priority.

2. Support for initiatives requiring national action to be effective

There are various initiatives that require national action in order to be effective. These include:

Port Community System (PCS/E-Port Network) - A PCS is a neutral, secure and shared data agglomeration system that allows supply chain participants to rapidly and securely exchange information after a single submission of data by the data owner (eg. a shipping line). PCSs have proven their worth in terms of operational efficiency and productivity improvement in major ports around the world. While a lot of work has been done on the concept of a single, national PCS in Australia, it has failed to progress to implementation due to a lack of national coordination and focus. Some progress on

improving system visibility is being made by individual system providers in the chain, but there is the risk that the “silo mentality” of commercial advantage will increase fragmentation. There is an urgent need for direction, from a federal level, to determine the standards, security and platform that would act as an incentive to bring the disparate parties, particularly system providers, together to form a genuine “community” system. This may include regulation.

Vehicle and operator standards - The nature of the mining sector in WA has created a cyclical freight task. This has recently led to mining resources being redirected to other transport markets (including container transport) resulting in increased competition and significant rate cutting. While this can be seen to be of benefit to the consumer from a pure price perspective, equipment not suited to the metropolitan market, in terms of size and environmental standards (including noise and emissions) has a potentially negative impact upon the community and other road users. Vehicle and operator standards should be investigated from a national perspective based on a thorough cost benefit analysis to ensure a consistent, level playing field in which transport operators can compete. Requiring appropriate standards for container transport as well as operator standards will have positive impacts on efficiency, community amenity and the environment. Standards may include certain environmental specifications of trucks and other efficient operations (off-peak movements, safety standards).

3. Funding focussed on supply chain priorities and corridor protection

Freight corridor planning and protection should involve all levels of Government and the varying agencies and funding agreements should be clear. Working with industry through groups such as the Taskforce will help to ensure prioritisation incorporates operational as well as strategic perspectives.

Corridor protection is obviously crucial to the efficiency of the supply chain. Despite this, there continues to be urban encroachment closer to major corridors and industrial areas. Planning, transport and land agencies must ensure there is proper coordination to protect transport corridors.

Government planning should also provide some direction about industrial and retail hubs being clustered with appropriate road and rail connections.

4. Need for strategic plans which have bilateral (or multilateral) political support

The uncertainty created by a lack of bilateral politically supported strategic freight plans causes significant challenges for private sector investment. Better coordination between State and Federal Governments planning and funding would also provide for better long term planning. The short term political cycle creates issues, not only for private investment, but also delays the implementation of freight infrastructure developments. A recent example of this is the chain of funding decisions that has seen major changes in infrastructure delivery (Perth Freight Link) creating uncertainty around long term planning for Fremantle’s inner harbour and as a result impacting investment that could benefit the supply chain.

5. Recognition of the need to reduce reliance on sea ports as the focal point for the IMEX supply chain

The current focus on direct delivery in the current economic climate is presenting challenges for hub development. The Commonwealth Government’s support of the Moorebank development in New South Wales (driven by major corporate group Qube), appears to signal a positive role for the Commonwealth Government in shaping future distribution patterns away from the historic port-based model. This role extends beyond funding. There is a significant opportunity for the Commonwealth Government to facilitate development of inland hubs through more flexible management and delivery of federal requirements such as customs, security and quarantine (biosecurity).

Proper planning of Greenfield developments that includes all levels of Government is crucial, as there are extensive issues with retrofitting existing sites. Latitude 32 in WA provides a significant opportunity in this area and should become a national strategic priority.

6. Introduction of new technology

The supply chain must be fast to respond to changing technologies and transport business models. The potential 'uberfication' of freight, which is already starting to occur, will have significant impacts on the transport sector. There needs to be a strategy at the national level that will enable an appropriate regulatory framework to guide the way in which this occurs.

Testing new and emerging technology could benefit from a coordinated national approach across different ports and supply chains. Many of these technologies - autonomous vehicles, for example - are advancing rapidly and will have significant operational implications for medium-term operational requirements and on-going planning. A clear national strategy for such technology, including Intelligent Transport Systems and autonomous vehicles, is required in the short term.

We appreciate the opportunity to provide a submission and hope that the above will provide useful input in to the outcome of the inquiry.

Regards,

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