



PORT OF MELBOURNE COVID-19 RESPONSE SUBMISSION

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EXECUTIVE SUMMARY

The Port of Melbourne Operations Pty Ltd (PoM) is pleased to make a submission on the 231215 *Commonwealth Government COVID-19 Response Inquiry (Discussion Paper)*.

Port of Melbourne is Australia's largest container and general cargo port, handling more than one-third of the nation's [container trade](#). Located among growing communities, vital industrial precincts and transport corridors - Port of Melbourne has long been a cornerstone of Australia's port freight transport network. The Port operates 24 hours a day, 365 days a year.

Freight that travels through the Port of Melbourne supports Victorians, Tasmanians and southern Australians, every day, everywhere. Common goods such as food, clothing, medical supplies and household appliances all need to be transported by freight operators. PoM has long advocated and promoted the importance of freight and logistics to the national economy, and the COVID-19 crisis acutely highlighted the critical role of the freight and logistics sector.

While Australia's supply chains generally held up well during the COVID-19 pandemic compared to other jurisdictions, there was no doubt the COVID-19 crisis caused significant stress on all sections of the Australian logistics and freight industry. The State and Federal Government were put in a difficult situation, prioritising public health protection and ensuring the continuation of effective economic output and support. PoM commends the efforts made by both the State and Federal Government (particularly through the establishment of the National Coordination Mechanism) and acknowledges the lasting strain on our sector. We must ensure Australia is better prepared for any future pandemic or similar large-scale event.

PoM has provided detailed recommendations to help support the Government future pandemic preparation. If Australia faces a future health emergency, we need effective policies that will bolster our supply chain resilience and mitigate the economic impact of disasters. This will ensure public health policies are fit-for-purpose.

It is within this context that PoM has outlined 15 recommendations to safeguard Australia's freight sector and support future policy planning and discussions. PoM looks forward to continuing to engage with the Government on issues relating to health emergency responses and ensure our sector is robust, resilient, competitive and reliable.

SUMMARY OF RECOMMENDATIONS

	Supply Chain Resilience
1.	Implement the integration of critical port infrastructure in future state and national land use and transport planning frameworks. The frameworks should involve recognising ports as key assets and ensuring all emergency response frameworks prioritise freight, transport, and logistics in their response strategies.

2.	Improve communication protocols between Government, port authorities and other freight stakeholders to ensure freight and logistics sectors can adequately prepare and respond to emerging crises.
3.	Encourage the diversification of Australia's supply chain routes and markets. Reducing over-reliance on specific markets or channels, mitigating the impact of similar global disruptions in the future.
4.	Investigate options for additional warehousing and inventory management structures, including increasing storage capacities and adopting flexible inventory systems. This could support businesses and ports handle sudden changes in supply and demand.
5.	Invest in enhanced digital infrastructure and data analytics capabilities within the supply chain sector. This would allow for real-time tracking of goods, better prediction of supply chain disruptions, and more efficient response strategies.
6.	Establish stronger partnerships between government bodies and private sector stakeholders across the freight supply chain. These partnerships should focus on joint planning for crisis scenarios, sharing best practices, and pooling resources for common objectives.
	Disruption to Transport and Freight
7.	Develop federal and state frameworks to ensure the freight sector remains a priority during crises. These should include protocols for maintaining and enhancing freight movement under lockdown conditions, ensuring that essential goods and services can be transported without disruption.
8.	Focus investments on transport infrastructure that proved critical to the economy during the pandemic. This includes enhancing road and rail connectivity around PoM and ensuring these pathways are equipped to handle increased demand during emergencies.
9.	Invest in strengthening the resilience of Australia's port infrastructure against future emergencies. This includes supporting efforts to handle increased volumes, improving dockside logistics capabilities, and ensuring ports have the necessary equipment and technology to maintain operations during disruptions.
10.	Prioritise the expansion of port capacity infrastructure projects. This would involve building additional storage and processing areas for critical goods, enhancing berthing spaces, and ensuring rapid scaling-up of operations in response to increased demand during crises.
	Government Response
11.	Coordinate state and federal freight and logistics public health policy protocols. Specifically related to cross-border policies, testing and freight protocols, these would be aimed at enabling certainty, support and stability for the sector.
12.	Streamline communication so there are designated lines of engagement to the freight and logistics sector. Streamlined channels would mitigate the disruption to

	crucial trade routes and ensure subsequent congestion does not impact the Australian freight sector or economy.
13.	Ensure National Emergency Management Coordination Response is embedded and continuously updated in our national crisis management protocols; this includes state and federal bodies maintaining unified approaches to logistics and supply chain resilience and developing fit-for-purpose protocols.
14.	Ensure consistent testing protocols across states and territories to minimise disruption to Australia's supply chains.
15.	If a future health emergency occurs, guarantee freight and supply chain workers priority access to vaccinations, testing and other health protections. This would minimise the disruption to Australia's supply chains and ensure goods are delivered to communities across Australia.

SUPPLY CHAIN RESILIENCE

Position

To ensure our supply chains remain resilient through future emergency crises, Australia must invest in meaningful processes, frameworks and collaborations that help our sector minimise disruptions and congestion for freight. Importantly, when disruptions occur we need to have pre-existing plans to minimal effect to freight, cargo and transport movements. Ports are a crucial cog in Australia's freight and logistics pipeline. To remain effective, efficient and competitive, we must have the adaptability to withstand, recover from and adapt to anticipated and unanticipated disruptions like the COVID-19 pandemic. Key areas for the Government to focus on are integrating state and federal infrastructure and planning pipelines (including consideration through mechanisms such as the Urban Policy Forum and contributions from the Office of Supply Chain Resilience), diversifying logistics routes, advancing technology deployment and ensuring collaborative stakeholder approaches to emergency crises.

Context

Critical Infrastructure

The Port of Melbourne is fundamental, providing crucial goods across metropolitan and regional Australia. In light of the COVID-19 Pandemic, learning from the crisis must take an approach that looks at what areas of our economy are more vulnerable and the main areas we must look to bolster. COVID-19 badly exposed Australia's emergency response protocols. The impact our sector faced, with significant delays due to bottlenecks on transport links, especially in our nation's ports as well as congestion due to changing public policy initiatives should be avoidable in future pandemic scenarios.

It is essential we prioritise national freight infrastructure at the forefront of national and state land use and planning policies. As a critical infrastructure asset, PoM's approach has consistently aligned with the Federal Government's strategy to safeguard essential services and infrastructure fundamental to the nation's well-being, economy, security, and sovereignty. The port's freight supply chain has been critical to Australia's private and public entities, blending private sector investment with predominantly public network infrastructure. This ecosystem necessitates industry-wide collaborative coordination to ensure

operational continuity, facilitating unhindered movement of goods, and minimising the impact of domestic infrastructure challenges.

PoM's commitment has always been to maintain and enhance our critical infrastructure, ensuring it remains robust and adaptable to both current demands and future challenges.

However, we need to see improved integrated planning, diversified logistics routes, and improved collaboration between the government and key freight sector decision-makers. Throughout COVID, we saw what happened when a lack of communication impacted operations, processes, and communication with the private, public and community sectors. We need to immediately improve initiatives that enhance our ports to manage future crises effectively and ensure Australia's national security, economic prosperity and resilience remain upheld.

Australian Supply Chains

The 2021 interim Productivity Commission Study 2021 Vulnerable Supply Chains study by the Productivity Commission revealed the significant contribution of imports to Australia's gross national income. This was approximately 16% or \$272 billion in 2016-17. While not all imports are considered equally critical to Australian industry and national interest, the pandemic demonstrated that seemingly non-essential items like clothing, masks and stationery items are part of a complex web supporting jobs, income, and consumption. The Port of Melbourne is an infrastructure asset contributing more than **\$10.5 billion in revenue** to the Victorian economy and contributing to 28,902 FTE jobs. The significance of this asset to the economy highlights the potential impact it or the broader supply chain it services become congested.¹

COVID-19 underscored the vulnerability of Australia's supply chains. Various restrictions and lockdowns in international markets and across trade routes led to drastic shifts in cargo movement, warehousing challenges, and consumer demand. These changes resulted in port congestion and a container equipment shortage, impacting imports and exports. PoM's response consistently involved collaborative efforts with industry bodies to ensure adequate capacity across the supply chain and mitigate congestion. For example, PoM coordinated with industry to source available space within the port and industrial precincts for the storage and staging of containers to mitigate congestion impacts.

Industry collaboration alone is not enough. We need to see forward-thinking policies that encourage innovation and adaptability in our sector. Improved resilience will also be bolstered when infrastructure projects are prioritised around our major trade routes. This would reduce potential bottlenecks, free up congestion and facilitate opportunities for diversified trade routes if disruptions occur.

We need to ensure investment in inventory structures, digital infrastructure and data analytics capabilities to plan for and provide efficient responses to disruptions.

Port of Melbourne recommendations:

¹ [ACIL Allen 2021-22 Economic contribution of the Port of Melbourne](#)

1. Implement the integration of critical port infrastructure in future state and national land use and transport planning frameworks. The frameworks should involve recognising ports as key assets and ensuring all emergency response frameworks prioritise freight, transport, and logistics in their response strategies.
2. Improve communication protocols between government, port authorities and other freight stakeholders to ensure freight and logistics sectors can adequately prepare and respond to emerging crises.
3. Encourage the diversification of Australia's supply chain routes and markets. Reducing over-reliance on specific markets or channels, mitigating the impact of similar global disruptions in the future.
4. Investigate options for additional warehousing and inventory management support structures, including increasing storage capacities and adopting flexible inventory systems. This could be supporting businesses and ports handle sudden changes in supply and demand.
5. Invest in enhancing digital infrastructure and data analytics capabilities within the supply chain sector. This investment would allow for real-time tracking of goods, better prediction of supply chain disruptions, and more efficient response strategies.
6. Establish stronger partnerships between government bodies and private sector stakeholders across the freight supply chain sector. These partnerships should focus on joint planning for crisis scenarios, sharing best practices, and pooling resources for common objectives.

DISRUPTION TO TRANSPORT & FREIGHT

Position

The resilience and efficiency of freight and transport systems are vital for Australia's economy and well-being. The disruptions caused by COVID-19 underlined the critical importance of maintaining and enhancing this system. PoM advocates for strengthening infrastructure and operational frameworks that underpin the transport of goods, ensuring essential commodities continue to move seamlessly across Australia in times of crisis and ensuring our trade with vital international partners remains robust. This involves investing in both physical infrastructure and the frameworks that govern operations, prioritising resilience to cater to the dynamic demands of global trade pressures. This will ensure if a health emergency occurs again we do not see the same challenges and missteps.

Context

Freight and Transport

The pandemic highlighted our economy's reliance on freight movements and how they sustain the economy, individual autonomy, public health and business continuity. Throughout this period, freight services played an important role in providing essential goods, highlighting the need for seamless access to Port of Melbourne commercial ships, efficient cargo handling and unrestricted land transport and freight. Continuation of streamlined processes and support for the freight sector is needed to help reduce costs across various sectors – including, but not limited to, construction, manufacturing, retail, health, agriculture and oil. These industries rely heavily on ports like Port of Melbourne and their transport connections.

Australia's growing population, domestic and international trade and demand access to ports like Port of Melbourne is continually increasing. On average, the Port handles approximately 8,000 twenty-foot equivalent units (TEU) of containers a day, encompassing a wide array of consumer goods and critical

materials. Furthermore, 93.4 per cent of imported containers are destined for metropolitan Melbourne.¹

Robust, prescriptive and forward-looking policies must be implemented to address our sectors and ongoing challenges. Even without significant health emergencies like COVID-19, Australia's rising population, escalating global conflict and growing trade movements will stress our existing assets and infrastructure. Ports around Australia must remain competitive but, most critically – resilient to ensure the nation's capacity to respond remains effective.

Congestion

The reduced capacity in air freight during the pandemic further highlighted the necessity of keeping our sea ports operational and, importantly, capable of facilitating increasing demands in trade if another emergency crisis occurs. The viability of Australia's freight and logistics sector heavily relies on diversification of our trade routes and rely on long-term planning to ensure the ports meet the demands of a more active and growing economy.

Australia's whole supply chain is severely impacted when disruption occurs. A lack of investment in road and rail networks for freight is hampering our supply chain's productivity and burdening the sector. This is not only evident during crises but also during normal trade operational capacity. As is well documented, areas surrounding critical ports will continue to grow. We need to see continued investment in the arterial road and rail network complemented by systems to ensure the best use of the infrastructure, which is essential for delivering productive and efficient freight transport.

Port of Melbourne's recommendations:

1. Develop federal and state frameworks to ensure the freight sector remains a priority during crises. These should include protocols for maintaining and enhancing freight movement under lockdown conditions, ensuring essential goods and services can be transported without disruption.
2. Focus investments on transport infrastructure that proved critical to the economy during the pandemic. This includes enhancing road and rail connectivity around PoM and ensuring these pathways are equipped to handle increased demand during emergencies.
3. Invest in strengthening the resilience of Australia's port infrastructure against future emergencies. This includes supporting the funding to handle increased volumes, improving dockside logistic capabilities, and ensuring ports have the necessary equipment and technology to maintain operations during disruptions.
4. Prioritise the expansion of port capacity infrastructure projects. This would involve building additional storage and processing areas for critical goods, enhancing berthing spaces, and ensuring rapid operations scaling in response to increased demand during crises.

ECONOMIC IMPACTS & CRITICAL LESSONS

Position

COVID-19 had a significant impact on global and regional trade, seen acutely on PoM operations. These challenges emphasised PoM's role and more broadly the logistics sector play in the global supply chain.

PoM's experience can serve as a template of the need for adaptive strategies and resilient infrastructure to manage significant shifts in global trade dynamics and evolving consumer demand.

Context

Economic Impact and Domestic Trade

When manufacturing and shipping activities in China resumed after the initial COVID-19 restrictions, the global landscape was shifting as countries began imposing COVID-19 restrictions. This situation led to a significant influx of imported goods into Australia – these were pre-COVID-19 orders – that coincided with logistical challenges. Warehouses became congested due to restrictions on the distribution of goods to retail outlets and end consumers, a result of movement controls implemented by various jurisdictions. In Victoria, prolonged restrictions compared to other states led to an accumulation of goods in warehouses. PoM continuously collaborated with industry partners to manage this surge and maintain the smooth operation of the supply chain. PoM worked closely with the Freight Trade Alliance, Container Transport Association of Australia, and private operators to expand container storage capabilities, mitigating potential congestion.

PoM is integral to most of Tasmania's trade. During the pandemic, PoM played a crucial role in ensuring the continuous supply of essential goods to Tasmania, including groceries, animal feed, and manufacturing inputs. The pandemic-induced container shortages – a direct response to heightened demand for Asian goods – led to a significant proportion of empty containers in local markets. This shortage forced many Tasmanian companies to increase their warehousing space to stockpile higher levels of inventory, thereby incurring additional costs.

The container supply chain, extending beyond the port to connect various freight corridors, plays a key role in ensuring the movement of goods to warehouses, distribution centres, and to end-users.

For future crises, it will be essential to safeguard this network against potential supply chain vulnerabilities and disruptions, and this requires comprehensive consideration and action at all levels of government.

International trade

Ports are important nodes in the supply chain and rely on other supply chain participants to ensure the smooth movement of cargo. During the pandemic, several contributing factors resulted in significant disruption to global supply chains. Restrictions on employee movements and interactions resulted in the delayed vessels as services provided at Ports were negatively impacted. The delayed vessel schedules effectively removed capacity out of the global shipping market. While capacity was effectively withdrawn demand materially increased because of consumers requiring more goods whilst they worked from home. Consumer spending on goods increased due to reduced spending on services, resulting in a significant increase in shipping rates globally.

Congestion at many ports occurred globally as shipping schedule integrity was compromised and vessel bunching occurred. This highlighted a lack of infrastructure buffer in many ports.

PoM's congestion challenges during the pandemic emphasised the need for improved port infrastructure and capacity planning to mitigate congestion and enhance operational capacity.

The economic implications of these delays were seen through the increases of congestion surcharges. During that period, surcharges were approximately \$471 per TEU.

The increases in costs reflect the direct economic burden of port congestion on cargo owners and the broader supply chain. PoM's experience highlights the need for investment in port infrastructure to mitigate the flow on effects of supply chain disruptions if they were to occur again. By addressing these capacity constraints, we can significantly reduce the risk of similar congestion and economic impacts in future crises – resulting in a more resilient and efficient supply chain for Australia.

GOVERNMENT RESPONSE

Position

Effective government responses and coordination with industry is vital for safeguarding Australia's logistics and supply chain sectors, especially during health emergencies such as the COVID-19 pandemic. It is essential to establish procedures that are fit-for-purpose for communication and policy implementation between the government and key logistics stakeholders, as the PoM. This approach should prioritise the unique needs of the sector, ensuring it remains functional and resilient, and prioritising transparency and up-to-date information. By refining our government response strategies, we can not only address the immediate challenges if emergencies occur but also enhance our long-term preparedness and resilience, ensuring PoM and its associated supply chains continue to serve as a key pillar of Australia's economy. Further is the necessity to make sure supply chain logistics workers are prioritised and treated as essential workers - not just in ability to operate but when gaining access to vaccinations, testing and wellbeing support.

Context

State and Federal Public Health Response

There are several key learnings from the COVID-19 crisis PoM believes can be improved upon, specifically relating to communication, policy, engagement and transparency.

At times, announcements regarding lockdowns were made without prior notification to the Port. While we supported federal and state responses to new challenges during the pandemic, a lack of communication necessitated last-minute consultations to make public health orders feasible. It placed PoM suppliers, operators, contractors in the supply chain in a challenging position, forcing them to make instant decisions on whether road or rail vehicles should cross state borders, risking an inability to return to their home jurisdiction to continue providing freight services, but importantly be with their families.

The freight and logistics sector relies on certainty, reliability and long-term planning. Even during crises, maintaining certainty for the freight industry significantly impacts the capacity for goods being delivered and the associated costs being minimised. To reduce the risk of price increases, scarce goods being accessible to the public and the crucial delivery of public necessities, we need to see improved transparent and consistent communication by government to key economic assets like PoM. A lack of coordinated approaches from state and federal governments was not only disruptive, it also put additional pressure on all sectors of Australia's freight and logistics supply chain to take initiative even without proper guidance.

There was notable improvement toward the end of the pandemic. The national cabinet functioned effectively, providing anticipated Friday updates that were crucial for the public and industry. The government made efforts consulting ahead of these meetings. The Federal Government needs to heed learnings from the pandemic, and this leadership starts from the Cabinet. Communication methods that are transparent with distinct approaches, rationale and risk assessments in decision making will ensure trust and help sectors like freight and logistics convey to their own stakeholders the rationale for any disruptions.

To enhance the preparedness for future crises, it is advisable to develop a strategy for communicating issues to the supply chain sector. This is especially important in situations where government actions or impositions may disrupt the ordinary operation of the supply chain.

Vaccination and Testing

During the pandemic one of the major challenges to the freight sector was ensuring essential workers had opportunities to test repeatedly and in a way which not only kept vital industries open but ensured certainty, predictability, and reliability of our supply chains.

During many periods between 2020-2022 there were differing public health expectations for PoM's contractors, suppliers and operators. Truck drivers were especially impacted during this period, particularly relating to cross-border regulations for testing protocols and compliance expectations. The Port is a vital hub for not only economic outcomes but also serves as a significant driver for freight and logistics support and serves as a hub of information to the entire supply chain.

There were incidences where PoM members in the supply chain, including those at warehouses and intermodal facilities, faced impediments to work due to vaccination constraints or challenges accessing testing facilities.

Despite concerted efforts by the Port and our stakeholders to implement regimes to protect staff and those engaging with our supply chain, they were ignored during the public health emergency. While not a federal responsibility, it is important that expectations are conveyed about the necessity and importance of freight and logistics to the economy and costs of goods and services. The challenge was immense for government to manage public health with economic output. It is PoM's hope for a coordinated approach that is pragmatic, holistic and considers the effect of long-term closures to the economy and flow-on effect to the well-being of the workforce.

Regrettably, some sophisticated measures put in place by PoM to guard against spread of the COVID-19 were not fully implemented by governments as they did not precisely reflect the requirements of public health orders. This is a direct result of a lack of clear guidance and expectations with up-to-date information. State and Federal Governments need to improve communication expectations to key economic hubs around Australia.

Given the essential nature of the port's role, Port of Melbourne recommends priority access to vaccinations in the future for freight and logistics workers. The critical role these workers play—such as transporting groceries from distribution centres to supermarkets—directly impacts public access to essential goods. The

recognition of this essential service would have ensured the smooth operation of the supply chain but also alleviated the burden of frequent PCR testing, reducing the associated mental health strain.

During the pandemic, testing requirements became a significant challenge for freight, logistics and transport workers. Drivers crucial to the functioning of the supply chain often had to endure lengthy queues for testing, impacting their ability to fulfil their duties promptly. Compounding this issue, roadhouses and other facilities occasionally restricted drivers from using essential services, ordering food, or taking mandated rest breaks on the premises. While access to rapid antigen tests were out of the government's direct control, mechanisms to speed up testing protocols for freight and logistics sectors must be prioritised.

As a proactive measure, PoM recommends freight and supply chain workers should be granted priority access to vaccinations or other health protections. This approach ensures the uninterrupted operation of the supply chain, safeguarding both the industry and the broader community.

Port of Melbourne Recommendations

1. Coordinate State and Federal freight and logistics public health policy protocols. Specifically related to cross-border policies, testing and freight protocols aimed at enabling certainty, support and stability for the sector.
2. Streamline communication so there are designated lines of engagement to the freight and logistics sector. Streamlined channels would mitigate the disruption to crucial trade routes and ensure subsequent congestion does not impact the Australian freight sector or economy.
3. Ensure National Emergency Management Coordination Response is embedded and continuously updated in our national crisis management protocols; this includes state and federal bodies maintaining unified approaches to logistics and supply chain resilience and developing fit-for-purpose protocols.
4. Ensure consistent testing protocols across Australian states and territories to minimise disruption to Australia's supply chains.
5. If a future health emergency occurs, guarantee freight and supply chain workers gain priority access to vaccinations, testing and other health protections. This will minimise the disruption to Australia's supply chains and ensure goods are delivered to communities across Australia.