

Voluntary Code of Practice

Managing disruption in the Port of Melbourne
landside container supply chain

OCTOBER 2023



Accessible version of the document

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Acknowledgement of Country

We proudly acknowledge Victoria's Traditional Owners and their ongoing strength in practising the world's oldest living culture.

We recognise that there are long-lasting, far-reaching, and intergenerational consequences of colonisation and dispossession.

The reality of colonisation involved establishing Victoria with the specific intent of excluding First Peoples and their laws, cultures, customs, and traditions. Over time, the development of Victorian laws, policies, systems, and structures explicitly excluded First Peoples Victorians, resulting in, and entrenching systemic and structural racism.

We acknowledge that the impact and structures of colonisation still exist today.



Description of artwork

Aaron Duggan (Gunaikurnai) 'Movements Between the Five Clans' 2019, acrylic on canvas.

'The tracks are going between the five clans of the Gunaikurnai and the hands are the symbols of my spirit travelling around the campsites.'

This artwork was created through programs provided by the Torch. The Torch provides art, cultural and arts industry support to Indigenous offenders and ex-offenders in Victoria. The Torch aims to reduce the rate of re-offending by encouraging the exploration of identity and culture through art programs to define new pathways upon release.



Contents

Acknowledgement of Country.....	03
Introduction.....	06
1. Overview of the Voluntary Code of Practice	07
2. Principles for Management of Disruption Events	12
3. Possible Actions Supporting Management of Disruption Events	13
Disclaimer.....	19
Abbreviations	19

Introduction

The Voluntary Code of Practice (VCoP) for the Port of Melbourne Container Supply Chain has been prepared by the Department of Transport and Planning (DTP) to provide industry with some guiding principles and possible actions which can support the port supply chain during times of extreme disruption in shipping container flows. The VCoP was prepared following extensive consultation and engagement with all major participants in the port supply chain.

Development of the VCoP was first proposed by the Container Storage Working Group (CSWG), which was convened by the Minister for Ports and Freight, the Hon. Melissa Horne MP, in early 2022. The CSWG helped coordinate action following significant disruptions in the flow and storage of shipping container trade that was occurring at that time.

The CSWG included representatives from the shipping industry, stevedores, transport operators, peak bodies, and government to coordinate actions to respond to the disruption at that time. The outcomes of the CSWG included the development of operating principles and suggested actions that industry could take during future disruption events. These outcomes have become the platform for development of the VCoP, which has been included as an action in the Victorian Commercial Ports Strategy released in July 2022.

The VCoP provides a framework to support monitoring of performance and response to extreme port supply chain disruptions that occur from time to time due to events blocking or slowing the movement of containers around the world. The Covid-19 pandemic had a huge impact on the flow of trade by sea, causing great disruption in container flows.

The Ever Given shipping accident in March 2021 blocking the Suez Canal is another example of an international incident that can have huge flow on consequences to the flow of trade to and from Australia.

The VCoP is made up of three sections:

1. Overview of the VCoP and its operation
2. Decision making principles underpinning disruption response
3. Possible actions supply chain participants may consider as part of planning for and responding to disruptions.

DTP will continue to engage with all industry stakeholders to encourage further discussion and support for the VCoP principles and possible actions. As part of this engagement DTP will continue to work with all supply chain participants to monitor performance and work with industry on suitable disruption response plans as part of industry working groups and other relevant forums. Key participants in the process of oversight and implementation of the VCoP will include port stevedores, road and rail transport operators, empty container parks (ECPs), shipping lines, the Port of Melbourne (PoM) and Ports Victoria.

1. Overview of the Voluntary Code of Practice

What is covered in the VCoP?

The VCoP is made up of principles and possible response actions designed to inform industry planning and response to major disruption events in the Port landside supply chain. The content covered by the VCoP can be generally grouped under three themes:

1. Actively monitoring supply chain performance to increase awareness and transparency and enable early identification of disruption events

Better understanding how the supply chain is performing, including monitoring the potential for disruption, can help industry to anticipate and respond to disruption events proactively. The VCoP proposes using DTP's existing Voluntary Performance Monitoring Framework (VPMF), along with other performance monitoring platforms, to support delivery of this element.

2. Ensuring effective industry representation and participation in disruption identification and response

Establishing appropriate industry representation and consultation to monitor supply chain performance and respond to supply chain disruption is critical to an effective response. The VCoP proposes establishing an industry working group to monitor supply chain performance to assist identifying possible disruption events, and a Disruption Response Group to develop response plans in the case of an actual disruption event.

3. Importance of preparing plans based around clear principles with associated actions that will guide industry response to disruption

The VCoP is underpinned by a clear set of principles designed to inform development of disruption response plans for the Port of Melbourne landside supply chain. Possible response actions, summarised in Section 3, provide a starting point for industry to consider and discuss appropriate action to be taken during a disruption event. The possible action in Section 3 should be considered against the specific circumstances of the disruption event and the commercial arrangements of every business.





What is a disruption event?

A disruption event is generally defined as an unexpected event or supply chain blockage that leads to prolonged inability of shipping containers to flow efficiently from shipping lines, through stevedore and transport handling, loading and unloading by cargo owners, dehire of containers and back to shipping lines. The event or blockage may be resulting in significant additional costs or disruption to the physical movement of containers through the supply chain. Each disruption event is different, and industry will need to assess the specific circumstances surrounding a possible disruption.

Disruption events can occur for various reasons, sometimes outside the control of parties in the supply chain. For example, geopolitical issues, decisions by major trading partners, prolonged periods of industrial action, major disruption to road and rail networks or issues impacting international shipping. Any of these events can have major impacts on the movement of containers through the supply chain.

How will a disruption event be identified?

Whilst every disruption event may have different characteristics, indicators which may point to an imminent or active disruption include but are not limited to:

- ECPs exceeding their practical “gate-in” and yard capacity restricting or preventing the dehire and pick-up of empty containers
- Transport operators having insufficient capacity for staging full containers through their premises
- The use of containers for cargo storage, reducing the amount of available container equipment in the supply chain
- Container terminal delays and congestion (either landside or waterside), reduced slot or stack run capacity, cancelled receipt and delivery time zones.

Industry may develop or adopt other indicators of disruption, as required.

Who will declare a disruption event?

On the advice of industry, DTP will declare an imminent or actual disruption event and convene a Disruption Response Group (DRG) involving key industry stakeholders. This may be convened through an existing industry group in consultation with industry.

Any party may flag the potential for a disruption to DTP who will broadly consult with industry stakeholders on the nature of a disruption prior to it being declared.

How will the Disruption Response Group be convened?

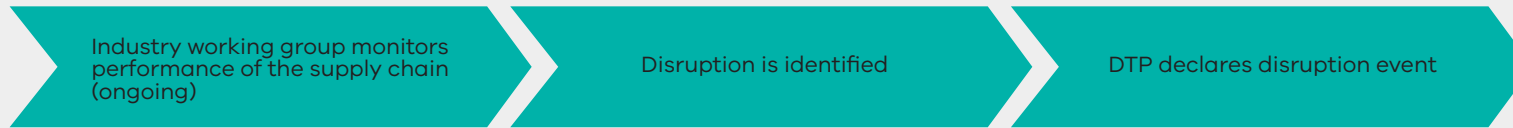
DTP will convene the DRG with relevant industry stakeholders. This may involve DTP seeking the support of industry to use an existing group to convene as the DRG.

Are peak periods considered a disruption event if they cause delays or congestion?

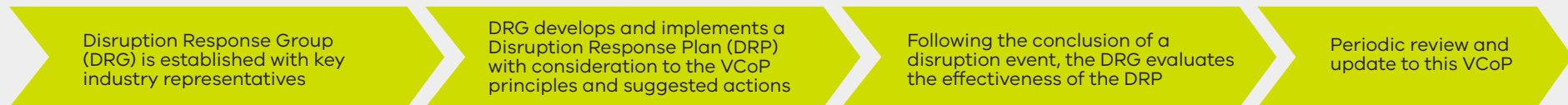
Regular peak periods, any short-term expected disruptions, or issues impacting individual or isolated parts of the supply chain, are not generally expected to be considered disruption events. Peak periods can be anticipated and planned for on a cyclical or periodic basis and therefore are not considered ‘unexpected’ events.

Whilst the scope of this VCoP is focused on disruption events, the principles and some suggested actions may also be relevant during peak periods and in response to specific short-term issues in the supply chain. Other actions that can be taken in anticipation of peak periods and congestion are outlined in the [Industry Guide](#) developed by the [CSWG](#).

How the VCoP will be activated



Phases of activity under the VCoP



How will the VCoP be activated?

The VCoP highlights the need for ongoing monitoring by industry along with guidelines for industry to form an appropriate disruption response in the event of a supply chain disruption event. The process is depicted above.

Who does the VCoP apply to?

All parties in the Port container supply chain are encouraged to participate in ongoing industry activities to monitor the supply chain and consider and apply the principles contained in the VCoP in their decision making when responding to disruption events. However, certain key stakeholders with the capacity to significantly influence cost and efficiency within the supply chain are encouraged to participate in consultation groups, including the DRG, and take reasonable

steps to implement the VCoP, including:

- Shipping lines and associated peak bodies
- Melbourne's three container stevedore terminal operators
- Major road and rail transport operators
- Major cargo owners and agents acting on their behalf (e.g., freight forwarders, customs agents/brokers, etc.)
- Empty container parks
- PoM
- DTP and Ports Victoria.

The general roles of key parties in the supply chain are further explained in the [Industry Guide](#) developed by the [CSWG](#).

How will the VCoP be governed?

DTP will maintain and publish the VCoP in consultation with industry and will participate in industry working groups.

Should a disruption event be declared by DTP, a DRG will be established and is responsible for considering the application of the VCoP in preparation and implementation of a DRP. Following a disruption event, the DRG will review the effectiveness of the VCoP and the DRP. Changes to the VCoP may be made in response to this process or at any time following feedback by industry.

How will the VCoP be monitored?

Whilst the Guidelines are voluntary, key stakeholders in the container supply chain are encouraged to actively participate in industry working groups and the DRG, if activated, which DTP will also be a member of.

Implementation of this VCoP and participation in consultation groups will be encouraged and overseen by DTP to ensure appropriate industry representation and participation.



2. Principles for Management of Disruption Events

Industry stakeholders are encouraged to refer to the following principles when planning for, and responding to, supply chain disruptions. These principles demonstrate a whole of supply chain approach. More detailed proposed actions responding to the three core VCoP principles are set out in Section 3.

1. Increase awareness and transparency of disruption information

The experience of the CSWG and similar working groups in other jurisdictions demonstrate the value of bringing industry representatives together and sharing information to make supply chain performance more transparent. Improved performance measures can help industry to better anticipate and respond to future challenges.

- **Industry representatives and government should work together to increase transparency of container supply chain performance and share information and intelligence in good faith to enable better anticipation of, and responses to, disruption events.**

2. Ensure Industry representation and participation in disruption identification and response

Industry coordination will be critical in times of supply chain disruption, and representation of key stakeholder groups will be necessary. Forming a collective view of what constitutes a disruption event, including agreed performance triggers, will be beneficial. Should a disruption event be identified, prompt action by industry should be coordinated by a representative group of industry stakeholders, including PoM, peak bodies, and DTP.

- **Industry representatives should participate in regular industry consultation and/or working groups to monitor supply chain performance and share information and intelligence to enable better anticipation of disruptions.**
- **Industry stakeholders should participate in coordinated disruption response activities when required to facilitate appropriate industry-wide responses to a disruption event.**

3. Prepare clear plans for potential action to respond to disruption events

Industry participants should have in place suitable response plans for disruption events that support maintaining the movement of goods whilst mitigating the negative impacts of disruption. Disruption events can have major impacts on the physical movement of containers through the supply chain and add significant additional costs to supply chain stakeholders and ultimately consumers. Responses to disruptions should focus on maintaining adequate operational flows of containers through the supply chain whilst minimising or controlling escalating or additional costs to individual stakeholders which may arise from a disruption event.

- Supply chain stakeholders are encouraged to freely share data, information, and intelligence in good faith (excluding commercially sensitive information) to support the management of and response to disruption events.
- Supply chain stakeholders should work cooperatively and take the necessary steps to maintain the movement of containers, both loaded and empty, through the supply chain including reasonable modification to standard operating practices where suitable.
- Supply chain stakeholders should endeavour to minimise additional administrative burden and control escalating costs arising from disruption where possible to support efficient operation of the whole supply chain throughout the period of disruption.



3. Possible Actions Supporting Management of Disruption Events

The following is a range of possible response actions industry may consider in the management of disruptions. These possible actions have been identified through industry consultation by DTP in the preparation of this VCoP.

These possible actions will not be relevant to all disruptions and need to be considered based on the nature and specific needs of a disruption event.

DTP acknowledges the commercial nature of relationships between supply chain participants and that decisions and action will always need to be determined by individual organisations specific to the details of that disruption events.

Principle	Possible actions
1. Increase awareness and transparency of disruption information	
<p>Industry representatives and government should work together to increase transparency of container supply chain performance and share information and intelligence in good faith to enable better anticipation of, and responses to, disruption events.</p>	<p>Expand the Voluntary Performance Monitoring Framework (VPMF) DTP’s existing VPMF can be expanded to include additional performance indicators across the whole container supply chain, including forecast/lead indicators, to facilitate disruption identification. For example, forecast trade volumes, waterside and quayside indicators, ECP operations, network performance and use of rail.</p> <p>Publish performance data more frequently When required, some existing VPMF indicators could be collected and published on a more frequent basis. This will better enable industry to monitor trade and the potential for disruption or respond to a disruption event.</p> <p>Share additional information Information, data, and performance measures necessary to plan for the cost-effective, efficient movement of goods through the landside container supply chain should be readily available to industry stakeholders with the support of DTP and peak bodies.</p> <p>Stakeholders which own and/or control the release of relevant supply chain data including IT vendors should endeavour to work collaboratively with DTP, PoM and industry to share, and when required, release supply chain performance related information in a suitable format in response to a disruption event.</p>

Principle	Possible actions
2. Ensure Industry representation and participation in disruption identification and response	
<p>Industry representatives should participate in regular industry consultation and/or working groups to monitor supply chain performance and share information and intelligence to enable better anticipation of disruptions.</p>	<p>Monitor supply chain performance</p> <p>Industry is encouraged to meet regularly to monitor supply chain performance and respond to disruption events, using new or existing forums or working groups, which should include representatives from DTP, PoM, peak bodies, and other key supply chain stakeholders.</p> <p>Industry should, for example:</p> <ul style="list-style-type: none"> • Oversee further expansion of and refinement of indicators in the VPMF and other performance monitoring frameworks. • Assist in the further development and periodic review of the definition and criteria for disruption events. • Monitor trade and supply chain performance to identify the potential for disruption. • Facilitate discussions between industry stakeholders and sharing of information and intelligence in the interests of anticipating and responding to potential disruption events. • Facilitate communication of disruption events and disruption response plans to the industry.
<p>Industry stakeholders should participate in coordinated disruption response activities when required to facilitate appropriate industry-wide responses to a disruption event.</p>	<p>Coordinate disruption response</p> <p>In the event of a disruption, a DRG will be established, using new or existing forums or working groups, which should include representatives from DTP, PoM, peak bodies, and other key supply chain stakeholders.</p> <p>The role of the DRG should include, for example:</p> <ul style="list-style-type: none"> • Coordinating industry communications and disseminating relevant information and data to assist in the management of the disruption event. • Assessing possible response actions to be taken by government and industry and preparing a DRP. • Facilitating implementation of appropriate short-term solutions and variations to normal operating practices contained in the DRP with relevant stakeholders to manage the disruption event. • Following the conclusion of a disruption event, evaluating the DRP and making recommendations for future disruption management and response, including, for example, recommendations on updates to this VCoP.

Principle	Possible actions
3. Prepare clear plans for potential action to respond to disruption events	
<p>Supply chain stakeholders are encouraged to freely share data, information, and intelligence in good faith (excluding commercially sensitive information) to support the management of and response to disruption events.</p>	<p>Share data necessary to respond to disruption events, for example:</p> <p><i>Advanced notice of shut-downs:</i> Facilities and service providers (e.g., stevedores and ECPs, etc.) should provide advanced notice of shut-downs and actively communicate with impacted landside parties using suitable notification platforms (e.g., booking and notification system providers).</p> <p><i>Provide full Electronic Data Interchange (EDI):</i> Shipping lines providing full EDI to container management system providers will improve booking and notification system performance and truck arrival processes and minimise potential issues with information exchange during disruption events.</p> <p><i>Advance notice of cut-off periods:</i> Shipping lines and container terminals should provide suitable advance notice where possible of cut-off periods for export containers, with cargo owners and transport operators ensuring these cut-off periods are met.</p> <p><i>Forward visibility:</i> Stevedore terminals provide more forward visibility of planned berthing schedules for export containers.</p>
<p>Supply chain stakeholders should work cooperatively and take the necessary steps to maintain the movement of containers, both loaded and empty, through the supply chain including reasonable modification to standard operating practices where suitable.</p>	<p>Monitor volume forecasts</p> <p>Importers are encouraged to actively monitor incoming container volumes and work closely with transport operators to plan the movement of containers during disruptions to ensure adequate storage capacity and flow of containers is maintained.</p> <p>Make greater use of off-peak hours</p> <p>Operating hours in the supply chain should be aligned and adjusted to maximise the use of facilities outside of peak operating hours, where commercially and operationally feasible (e.g., when there is sufficient demand).</p> <p>Provide appropriate support for the return of empty containers</p> <p>Container owners (i.e., shipping lines) are encouraged to provide appropriate support to industry for the movement and return of containers when requested and when practicable. Examples could include:</p> <ul style="list-style-type: none"> • providing alternative dehire locations for empty containers if storage facilities (i.e., transport depots and/or ECPs) cannot accommodate demand in a timely and efficient manner. • providing cargo owners with reasonable flexibility in the form of temporary extensions or modification to dehire periods for the return of empty containers in the case that ECP facilities are unable to accept containers. • setting up virtual ECPs to stop the physical movement of empty containers into the container terminals/ECPs, allowing congestion to ease on the existing ECPs and terminals. This may include facilitating triangulation, re-use, or exchange of empty containers and the relevant information needed to facilitate these activities.

Principle	Possible actions
3. Prepare clear plans for potential action to respond to disruption events (cont.)	
<p>Supply chain stakeholders should work cooperatively and take the necessary steps to maintain the movement of containers, both loaded and empty, through the supply chain including reasonable modification to standard operating practices where suitable.</p>	<p>Make temporary additional container storage available Through the DRG, industry should collaborate where possible to identify short-term additional storage locations and associated operational arrangements.</p> <p>Adhere to policies and protocols established by facilities Transport operators are encouraged to adhere closely to policies and protocols enacted as part of the disruption response by supply chain stakeholders, for example, adhering to booking/notification slot requirements, arrival times, and modified processes, as necessary.</p> <p>Provide advance notice of empty container redirections Redirections of empty import containers to alternate dehire locations should be issued with sufficient notice including dynamic advice on pre-booked and upcoming dehires, e.g., notification system developments.</p> <p>Provide adequate visibility and advance notice of stock availability Shipping lines and ECPs should, as standard operational practice, endeavour to provide adequate information visibility and exchange with exporters and their transport providers on export empty container availability (by size and grade) to minimise futile truck trips. During a disruption event pre-advice to transport operators where container stock is not available should, where feasible, be provided.</p> <p>Work together to recover landside operations where there is congestion and delays Terminals experiencing congestion and delays arising from operational issues are encouraged to communicate and coordinate with impacted transport operators and facilitate suitable plans to recover landside operations as soon as practicable.</p> <p>Increase container stacking heights, where possible Facility operators may consider increasing container stack heights, where feasible and safe to do so.</p> <p>Leverage rail for the movement of containers, including empty containers Where feasible, rail is considered for transporting empty containers to stevedore terminals for direct returns for repositioning overseas.</p>

Principle	Possible actions
3. Prepare clear plans for potential action to respond to disruption events (cont.)	
<p>Supply chain stakeholders should endeavour to minimise additional administrative burden and control escalating costs arising from disruption where possible to support efficient operation of the whole supply chain throughout the period of disruption.</p>	<p>Share information Data and information which facilitates efficient movement of containers and associated transactions between supply chain participants (e.g., data used for identifying containers) should not be unreasonably withheld.</p> <p>Minimise administration Operational and commercial practices and short-term adjustments to these practices should endeavour to not place an unreasonable administrative burden on parties in the supply chain.</p> <p>Ensure accurate documentation Cargo owners and transport operators should ensure necessary documentation is in place to avoid delays in the supply chain.</p>

Disclaimer

The VCoP:

- is intended as a guide only and involvement in working groups and/or implementation of actions responding to the VCoP is voluntary.
- has been prepared in consultation with a range of key industry stakeholders.
- is not intended to detract from the necessary commercial and operational considerations of individual businesses; and
- does not replace, vary, or modify existing laws and regulations.

Nothing in this VCoP constitutes legal or professional advice. DTP makes no warranties or representations whatsoever about the accuracy, completeness, relevance, or reliability of any information contained in this VCoP. The VCoP is provided on the basis that any person viewing the VCoP will assume responsibility for assessing the relevance and accuracy of its contents and reliance on the information, and compliance with the VCoP will be at that person's risk. To the extent permitted by law, DTP is not liable in negligence or otherwise for liability or loss arising from, and any costs incurred in connection with, this VCoP or its use.

Abbreviations

CSWG	Container Storage Working Group
DTP	Department of Transport and Planning
DRG	Disruption Response Group
DRP	Disruption Response Plan
ECP	Empty container parks
EDI	Electronic Data Interchange
Port	Port of Melbourne (physical port)
PoM	Port of Melbourne (stakeholder organisation)
VCoP	Voluntary Code of Practice
VPMF	Voluntary Performance Monitoring Framework

