FUTURE FREIGHT NETWORKS
THE ALC YEARBOOK 2010
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As the Chairman of the Australian Logistics Council (ALC), I am pleased to launch the first edition of FUTURE FREIGHT NETWORKS— the ALC Yearbook 2010.

ALC is the main advocate for Australia’s freight Transport & Logistics (T&L) industry. ALC influences all Governments’ policy decisions to ensure that Australia has a safe, secure, reliable, sustainable and competitive freight T&L industry. This is important because our members have interests across the full spectrum of the Australian freight T&L supply chain, including owners, providers and users of infrastructure.

I have many years of experience in T&L and I have observed many changes, in particular the move away from a focus on individual aspects of the transport chain to the management and efficiencies of the whole supply chain.

Our Governments are increasingly looking for a view that reflects the depth of our industry and the efficiency of the total supply chain. It is that perspective which makes ALC unique with members across the full spectrum of the Australian freight and supply chain.

Our number one objective is to ensure Governments at all levels hear and act on the advice from the major participants in Australia’s domestic and international freight T&L supply chains.

It is important for ALC to participate in the many supply chain initiatives currently being put forward by Government. These include the national transport regulatory reform agenda and the development of a National Freight Network Plan.

ALC will make its presence felt in both of these regulatory and infrastructure areas and it is critical we deliver the right message.

I therefore commend this publication to you and would welcome any feedback on issues that should be considered by ALC in the future.

Best wishes

Don Telford
Chairman
ALC 2010 Committee Structure

ALC BOARD

Membership & Finance Committee

ALC Board of Governors

Infrastructure Policy Committee

Safety Policy Committee

Working Groups

Regulation Policy Committee

National Logistics Safety Code
Retail Logistics Chain Code of Conduct

ALC 2010 Board

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<td>Chairman</td>
<td>Australian Logistics Council</td>
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<tr>
<td>Ian Murray AM</td>
<td>Deputy Chairman and Executive Director</td>
<td>Australian Institute of Export Ltd</td>
</tr>
<tr>
<td>Helen Newell</td>
<td>Director Corporate Development and Government Relations</td>
<td>Asciano Limited</td>
</tr>
<tr>
<td>Ingilby Dickson</td>
<td>General Manager Supply Chain and Logistics</td>
<td>BlueScope Steel</td>
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<tr>
<td>Tania Whyte</td>
<td>President Commercial</td>
<td>Linfox Logistics</td>
</tr>
<tr>
<td>Dom Figliomeni</td>
<td>CEO</td>
<td>Port Kembla Port Corporation</td>
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<tr>
<td>Stephen Cleary</td>
<td>Group General Manager – Freight</td>
<td>QANTAS Airways</td>
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<tr>
<td>Michael Carter</td>
<td>Executive Vice President &amp; CEO</td>
<td>QR National Network Services Pty Ltd</td>
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<td>Andrew Ethell</td>
<td>General Manager Group Corporate Affairs</td>
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<td>Daryl Hull</td>
<td>Managing Director</td>
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<td>Tony Sheldon</td>
<td>Federal Secretary</td>
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<td>John Begley</td>
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<td>Michael Haines</td>
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<td>Paul Larsen</td>
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<td>Michael Kilgariff</td>
<td>CEO</td>
<td>Australian Logistics Council</td>
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ALC ANNUAL FORUM 2011 – FREIGHT NETWORKS FOR THE FUTURE
MELBOURNE CONVENTION & EXHIBITION CENTRE, MONDAY 21 - TUESDAY 22 FEBRUARY 2011

The ALC Annual Forum is the ALC’s premier annual event and will be one of the biggest gatherings of senior leaders of the T&L Industry in 2011.

The 2011 ALC Annual Forum will be held at the Melbourne Convention & Exhibition Centre, Monday 21 February - Tuesday 22 February 2011. The theme is “Freight Networks for the Future”.

The Forum will include a CEO’s Plenary session on “Freight Networks for the Future”. Key speakers confirmed so far include:

» Paul Little, Managing Director – Toll Group.
» Mike Mrdak, Chief Executive Officer – Department of Infrastructure, Transport, Regional Development and Local Government.
» Ahmed Fahour, Managing Director & CEO – Australia Post
» Michal Byrne, Chief Executive Officer – Linfox Pty Ltd.
» Mark Rowsthorn, Managing Director & CEO – Asciano Ltd
» Lance Hockridge, Chief Executive Officer – QR Limited.
» Don Telford, Chairman – Australian Logistics Council.

The 2011 ALC Forum will focus on Australia’s freight task. The 2011 Forum will explore progress over 2010 as the year of freight transport and focus on what will need to happen in 2011, as well as provide an opportunity for the industry to showcase the latest technology, products and services.

ALC is particularly mindful of the commitment that sponsorship entails and has designed the sponsorship packages to provide a range of significant benefits and exposure, both in the conference promotional material and during the event itself.

The ALC Forum is organised by and for Australia’s freight T&L industry; if you are involved, you need to be there.

For all sponsorship enquiries, please contact Natasha Diduk on Ph (02) 6260 4915 or Natasha.diduk@austlogistics.com.au.
About ALC

ALC MISSION STATEMENT, AIM AND STRATEGIC OBJECTIVES

The Australian Logistics Council (ALC) is the peak national body for Australia’s freight Transport & Logistics (T&L) industry.

The aim of ALC is to influence government policy decisions to ensure that Australia has a safe, secure, reliable, sustainable and competitive freight T&L industry.

ALC members have interests across the full spectrum of the Australian freight T&L supply chain, including owners, providers and users of infrastructure, as well as suppliers of goods and services.

Membership of ALC is extended to major T&L businesses, organisations and associations with an interest in Australia’s domestic and international T&L supply chains. The primary member contact will be the Chair, CEO or senior decision making executive.

The Objectives of ALC are to:

1. Be the nationally recognised voice of the major participants in Australia’s domestic and international freight T&L supply chains.
2. Support appropriate nationally consistent regulatory frameworks and transparent markets to ensure Australia enjoys the full benefits of national freight T&L policy development and reform.
3. Promote the freight T&L industry’s image and profile and encourage greater recognition by governments and the community of the importance of the industry’s contribution to Australia’s economy.
4. Drive implementation of strategies to improve Australia’s domestic and international supply chains.

STRATEGIC POSITIONING

In September 2009, ALC announced a significant re-positioning to focus on advocacy, regulation and infrastructure, aimed at improving the efficiency of Australia’s freight Transport and Logistics (T&L) Industry. ALC moved its headquarters to Canberra and appointed a new Canberra-based CEO.

In December 2009 ALC advised members, industry and government stakeholders that in 2010 ALC will be focused on influencing:

» The national transport policy and regulatory reform agenda being driven by the Council of Australian Governments (CoAG) and Ministers of the Australian Transport Council (ATC).

» The National Ports Strategy, the National Freight Network Plan, and the National Transport Policy Framework being developed by Infrastructure Australia.

Industry and government stakeholders have expressed the view that ALC should take the necessary steps to establish itself as the “go to” organisation in Canberra representing the ‘big end’ of the Australian freight Transport & Logistics industry. The desired outcome was that ALC should be viewed by Government as the primary source of information on freight T&L issues.

On 4 February 2010, the ALC Board met to implement the necessary changes to ALC to reflect the move to a national member-funded policy focussed industry council that is:

» Driven, funded by and representative of the major participants in the Australian freight T&L industry.

» Viewed by Government as the primary source of information on the national freight T&L issues that all governments will be considering in the next few years.

The ALC Strategic Plan 2010-2011 outlines the approach to ensure that ALC is policy focussed, representative of the T&L industry, and financially sustainable.
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Real value in a changing world
ECONOMIC POSITIONING

The Bureau of Transport Economics (BTRE) has defined logistics as: “the activities required for the movement and handling of goods and materials, from inputs through production to consumers and waste disposal”.

The Australian Bureau of Statistics (ABS) does not classify freight logistics as an item in the national accounts. Freight logistics is partly recognised in the Transport and Storage (T&S) category, with the remainder in other categories such as Retail and Mining. Estimates by ALC and BTRE on the contribution of freight logistics to GDP take a broader definition of freight logistics than that covered by T&S in the National Accounts.

The Australian freight T&L Industry is a critical part of the Australian economy, generating 14.5% of Australia’s GDP and providing more than 1 million jobs across 165,000 companies. ALC estimates that every 1% increase in efficiency will save Australia around $1.5 billion.

The necessity to drive efficiencies in the T&L supply chain is critically imperative given recent Treasury estimates that Australia’s population will increase to 35 million by 2050. Australia’s freight task has more than doubled over the last 20 years, is expected to almost double again by 2020, and triple by 2050.

BACKGROUND ON ALC

The Australian Logistics Council (ALC) was established by the Australian Government in September 2002 as a partnership between the Australian Transport & Logistics (T&L) supply chain and Government. ALC initially comprised 26 members, mainly from the freight T&L industry but with some representation from users and government agencies.

In 2004, ALC restructured into two groups - the full Council, comprising around 80 senior representatives of logistics firms, their customers and governments, and an Executive Committee of 11 members, responsible for ongoing management of the agreed annual work program.

The Commonwealth Department of Transport and Regional Services provided initial secretariat support until January 2005. From this time ALC set up its own office and employed an Executive Director and support staff.

In 2008 the ALC was established as a not for profit Company, Limited by Guarantee, with a Board of Directors, and Members who are the financial supporters of the Council and the ‘owners’ of the company.

In December 2008, the Hon Anthony Albanese MP, Minister for Infrastructure, Transport, Regional Development and Local Government, advised ALC that it was an opportune time for the Government to take a step back to allow the industry to fully support the work ALC does on its behalf.

ALC is now funded entirely by subscription from members.
## ALC Objectives, Strategies and Actions for 2010

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<th>OBJECTIVES</th>
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| 1. Be the nationally recognised voice of the major participants in Australia’s domestic and international freight transport and logistics supply chains. | Position ALC with Government, industry stakeholders and media as the peak national body for Australia’s major freight Transport & Logistics, industry owners, providers, users and suppliers. | Use the ALC National Strategy for the Transport and Logistics Freight Industry—Enhancing Australia’s Supply Chains 2008–2015 as the basis for advocacy across:  
- Safety—T&L Vision Zero.  
- Investment.  
- Regulatory Reform.  
- People.  
- Energy & Environment.  
- Innovation and Technology.  
- Leadership.  
- Prepare ALC Policy document A Seamless Economy: A Seamless Supply Chain setting out the next steps in the reform of the Australian Transport and Logistics Industry, e.g. a Single Land Transport Regulator with a seamless regulatory approach across all transport modes.  
- ALC to communicate 2010 Strategic Plan to members, prospective members and key government stakeholders.  
- Conduct a survey in late 2010 on members’ expectations of ALC, how external stakeholders view ALC and future opportunities for ALC. Results to feed into an ALC Strategic Planning session in early 2011. |
| 2. Support appropriate nationally consistent regulatory frameworks and transparent markets to ensure that Australia enjoys the full benefits of national freight transport and logistics policy development and reform. | Engage with CoAG, ATC Ministers, and their Departments to advocate a national approach to the Australian transport industry. | Advocacy and support for the national transport policy and regulatory reform agenda being driven by the Council of Australian Governments (CoAG) and ministers of the Australian Transport Council (ATC).  
- Advocacy and submissions on the National Ports Strategy, the National Freight Network Plan, and the National Transport Policy Framework being developed by Infrastructure Australia and National Transport Commission.  
- Capital City Strategic Planning Systems—CoAG has agreed to national objectives and criteria for the future strategic planning of Australia’s capital cities.  
- ALC to ensure capital city strategic planning systems take into account transport and logistics issues.  
- Promote the adoption and development of safety best practices in Transport and Logistics through the National Logistics Safety Code (NLSC) and Retail Logistics Supply Chain Code of Conduct (RLSC).  
- Advocate ALC Reports on:  
  - Cross Border Regulation in Australia  
  - Australia’s supply chains—fixing the blockages. Advancing Australia’s Competitiveness. |
| 3. Promote the Freight T&L industry’s image and profile and encourage greater recognition by governments and the community of the importance of the industry’s contribution to Australia’s economy. | Engage with ALC Members and stakeholders to influence perceptions of the freight T&L sector. | Manage the Women Moving Forward Program.  
- Work closely with the Australian Freight Council Network and state freight councils.  
- Establish forum with the Department of Infrastructure and Transport with T&L sectoral associations.  
- Decision Makers Dinners with jurisdictional Ministers for Transport:  
  - One dinner in each state and territory—to be open to all ALC members. Non-members to pay premium for attendance.  
  - Two Chairman’s Dinners with Commonwealth Minister for Transport—invitation list to be at discretion of Chairman.  
- At opportune times promote outcomes of ALC document Who Moves Australia—Workforce participation in Australian Transport and Logistics. |
| 4. Drive implementation of strategies to improve Australia’s domestic and international supply chains. | Promote effective and efficient supply chains in Australia through regulatory reform and appropriate infrastructure investment, including by maximising the use of our existing supply chains. | Release and advocacy of Discussion Paper on A Smarter Supply Chain—Using Information and Communications Technology (ICT) to Increase Productivity in the Australian Transport Logistics Industry.  
- ALC to Develop ALC Position Paper on A Smarter Supply Chain.  
- Development of ALC Discussion Paper on the role of competition policy in a seamless supply chain.  
- Purpose is to analyse government/ACCC requirements around cooperation and information, which creates uncertainty and is a constraint on a seamless supply chain.  
- Future Supply Chain 2020 Project—role of collaboration in the organisation and operation of Future Supply Chains that will deliver sustainable Collaboration and Future Supply Chain business models. |
As the peak national body for Australia’s freight T&L industry, the ALC aims to influence government policy decisions to ensure a safe, secure, reliable, sustainable and competitive freight T&L industry.

This positioning of the ALC as the nationally recognised voice of the major participants in Australia’s freight supply chains, is pivotal in underpinning national growth.

Work undertaken by ALC on the contribution of freight logistics to the Australian economy suggests it generates 14.5% of Australia’s GDP and provides more than 1 million jobs across 165,000 companies.

ALC members have interests across the full spectrum of the Australian freight T&L supply chain, including owners, providers and users of infrastructure, as well as suppliers of goods and services.

ALC works to support appropriate nationally consistent regulatory frameworks and transparent markets to ensure Australia enjoys the full benefits of national freight T&L policy development and reform. ALC also promotes the freight T&L industry’s image and profile and encourages greater recognition by governments and the community of the importance of the industry’s contribution to Australia’s economy.

ALC estimates that for every one per cent increase in T&L efficiency, approximately $1.5 billion is saved from Australia’s national accounts.

Australia’s freight task has more than doubled over the last 20 years and is expected to almost double again by 2020. Our industry allies at Infrastructure Partnership Australia estimate the freight task is set to triple by 2050.

The role for ALC in advocating greater efficiencies in the T&L supply chain is critically imperative given recent Treasury estimates that Australia’s population could increase to 35 million by 2050.
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- Excellent connections through major freight hubs including Singapore and Hong Kong
- Considerable time-savings on traditional freight export and import routes
There are two major developments under way in the freight T&L industry that will shape the trends in the industry for some time. Firstly, there is the national transport regulatory policy framework being developed by the Council of Australian Governments (COAG) and the Australian Transport Council.

Secondly, Infrastructure Australia and the National Transport Commission are also developing a National Freight Network Plan, a National Port Strategy, and ultimately a National Transport Policy Framework.

At its December 2009 meeting, COAG agreed to the implementation of a number of initiatives over the next 3 years including, a national rail safety regulator in Adelaide, a marine safety authority in Canberra and a National Heavy Vehicle Regulator in Brisbane.

COAG also agreed to examine various models of road pricing and funding, to be completed by December 2011, which should include specific consideration of mass-distance location pricing. The outcomes of the feasibility study will help determine whether direct pricing is feasible.

In another major initiative, COAG also agreed that by 1 January 2012, all States will have in place plans that meet new national criteria for capital city strategic planning systems. This may and should have major ramifications for the protection of freight corridors through and around cities.

Given that amount of work going on in the background of the industry, ALC was delighted in January this year when the (then) Prime Minister Kevin Rudd announced that:

“...the transport priority for the Council of Australian Governments will be freight transport … the freight task will require a massive effort: companies will have to improve transport and logistics strategies and efficiencies, and governments will have to undertake substantial new investment and policy reform”.

This announcement gave ALC an ideal platform to advocate a range of policy measures such as its recent submission to Infrastructure Australia on the National Freight Network Plan—titled A Seamless Economy-A Seamless Supply Chain.

ALC believes that the function of the National Freight Network Plan should be to ensure the estimated freight task anticipated at a given time in the future (say 20 years) can be met.

Thus, the National Freight Plan will be integral to ensuring there is adequate infrastructure for the efficient operation of a logistics chain capable of handling the anticipated freight effort.

Crucial to this task is properly identified and supported nationally significant infrastructure. However, achieving consensus on what constitutes Nationally Significant Infrastructure remains a challenge.

The ALC view is that Nationally Significant Infrastructure should have regard to the size and importance of the infrastructure to the national economy.

Nationally Significant Infrastructure should also include inland ports or intermodal facilities. The Intermodal solution can be defined as ‘the combined use of rail and road modes for the transport of containerised freight, with rail generally carrying out the longer distance “line-haul” leg of the journey and road undertaking the shorter “pick up and delivery” leg at each end’.

Decisions on these facilities should have regard to competition principles; cost-benefit analysis; and the connection between the port and freight destinations.

In this respect, the ALC has applauded Victorian Roads and Ports Minister Tim Pallas, for releasing the Shaping Melbourne’s Freight Future Discussion Paper in April, which proposes to develop a network of intermodal freight terminals across Melbourne.

An example of why this study is so important is reinforced by the fact the number of containers using the Port of Melbourne will increase from two million in 2007 to up to eight million by 2035.

The paper proposes three principal rail-to-road intermodal terminals to the west, north and south-east of Melbourne, complemented by a number of road-to-road terminals sited to service freight activity.

The discussion paper proposes a new intermodal approach to moving rapidly growing volumes of port-related freight around Melbourne and recognises that the successful delivery of an intermodal system will require a partnership approach between Government and the private sector.

An important element in improving the transport and logistics chain efficiency is encouraging intermodal facilities away from destination points, such as Ports located near the CBD. For this to occur, the transport and logistics industry requires access to freight corridors. Too much residential or commercial congestion around logistics infrastructure causes inefficiency, and we all end up paying for that.

To progress a national approach, ALC is advocating to Government that a National Partnership agreement should be signed by all governments to:

CONTINUED ON PAGE 14
NICTA is Australia’s national centre of research excellence in information and communications technology, carrying out use-inspired basic research addressing and solving real world problems. We aim to generate wealth for Australia by undertaking research that advances knowledge, is recognised for its excellence, and generates breakthrough, user-focused technologies.

NICTA works to bridge the gap between research and industry by commercialising our research and collaborating with industry. Commercialisation of our research can take the form of spin-out companies, licensing agreements, joint ventures, consultancies or contract research. NICTA’s four existing spin-out companies employ around 80 staff. There are also several mature research projects well on their way to becoming spin-out companies. NICTA has 308 research staff, 118 professional and corporate staff and 244 university students completing their PhDs across five NICTA labs around Australia.

NICTA is undertaking exciting research in the area of transport logistics and smart transport infrastructure and has a number of important collaborations in this sector. In April 2010, we hosted an inaugural smart transport infrastructure technology forum at our corporate head office in Sydney, featuring speakers from the NSW Roads and Traffic Authority (RTA), CSIRO, DSTO, Intelligent Transport Systems Australia and the Australian Logistics Council.

In March, we entered an $11 million, five-year agreement with Germany’s Fraunhofer Institute for Experimental Software Engineering (IESE) to establish the Fraunhofer Project Group on Transport and Logistics at our Sydney laboratory. The agreement creates an immediate framework for joint research work to solve important transport and logistics problems. The two organisations will bring together their complementary skills and world-leading expertise in these areas.

“The Fraunhofer Project Group at NICTA joins outstanding talent from our two organisations. The possibilities that this will create for NICTA and Australia are truly exciting. Australia must be part of the global innovation system to build competitive advantage in technology and the broader economy, and this is a major step in that direction,” NICTA Chief Executive Officer Dr David Skellern said.

In addition to NICTA’s contribution to the Fraunhofer Project Group, Australia’s New South Wales Government is providing funds to support establishing industrial projects.

NICTA Senior Researcher Mark Staples is leading the Fraunhofer Project Group. Dr Staples has research expertise and business experience working in software engineering, software architecture and business technology. He is the leader of NICTA’s Software Infrastructure business area, and a Conjoint Senior Lecturer at the University of New South Wales with the School of Computer Science and Engineering.

“The agreement is a formal basis for research collaboration and brings together an impressive suite of international engineering, science and business expertise to tackle real world problems. We will draw especially on capabilities in embedded systems, software engineering and optimisation methods,” Dr Staples said.

The Fraunhofer Gesellschaft is the largest organisation for applied research in Europe with a central role in the global ICT innovation system. Establishing a Project Group in Australia builds on their strong international reach throughout Europe, the United States and Asia.
Establish the concept of nationally significant infrastructure;

Ensure that land use decisions prioritise the efficient operation of the nationally significant infrastructure; and

Create a fund for state and local governments which incur expense as a result of making land-use decisions that favour nationally significant infrastructure over other land uses, eg shopping centre vs an intermodal terminal.

For most freight, speed between nodes (eg freight hubs) is not as important as consistent flow. This is different to passenger transport where speed between nodes (eg stations) is a key requirement.

This difference in requirements highlights the need to have dedicated freight corridors (linking key nodes) that can run large volumes of freight at steady speed, timed to load/unload at each node.

The ideal Logistics System smoothly delivers goods where they are needed, when they are needed, with the least amount of cost, energy, carbon, pollution, noise, congestion and harm. This involves minimising wait time and handling during the transport of goods to their final destination.

Across the globe, the most efficient supply chains leverage real-time information and ensure real collaboration between partners, whether this is within a closed-loop, across the industry, or across the entire economy. Importantly, T&L companies hold a unique position in the supply chain because they are typically high users of existing and new information.

The use and control of Information and Communications Technology (ICT) is therefore an issue of concern to the Australian freight T&L industry.

This lead to the launch in January 2010 this year of the ALC Discussion paper A Smarter Supply Chain—Using Information and Communications Strategy to Increase Productivity in the Australian Transport and Logistics Industry.

Lack of a framework that clearly stipulates government (or ACCC) requirements around cooperation and information sharing, creates regulatory uncertainty, and is a constraint for improved supply chain performance.

A fully efficient freight and logistics chain requires a stable and clear set of regulations across all business activities however in 2010, the fact is a truck transporting goods from Melbourne to Brisbane is subject to three different laws relating to vehicle regulation, safe load regulation, driver licensing and road taxes.

This is an issue being addressed by the National Heavy Vehicle Framework which will administer a body of national heavy vehicle laws such as:

- a national heavy vehicle registration scheme, established under Commonwealth law;
- a consistent approach to minimum standards for heavy vehicle driver competency and testing and to heavy vehicle driver training school recognition; and
- a single physical national heavy vehicle driver license.

The continued development of a single national system for heavy-vehicle regulation and maritime and rail safety should be encouraged and not frustrated.

It was a big concern for ALC that the COAG Reform Council reported in February that the National regulation of heavy vehicles was stalling and ALC will continue to monitor and push reform in this very important area.

Another issue being addressed under the national heavy vehicle regulatory framework is a national approach to Chain of Responsibility (CoR) laws, which, are intended to drive greater accountability along the freight T&L supply chain.

ALC supports a nationally consistent approach to CoR laws, as well as appropriate industry driven compliance measures as part of the framework for national heavy vehicle regulation. This will involve the adoption of legislation and/or regulations relating to CoR, based on the National Transport Commission model Road Transport Reform Bill.

ALC agrees with the thrust of the legislation, which is intended to drive greater accountability along the freight T&L supply chain and impose duties at all relevant points along the ‘chain of responsibility’. However there has been increasing divergence by Governments in applying CoR, which has compliance, enforcement and efficiency implications for the Australian freight T&L industry.

ALC therefore believes the Bill should be implemented in identical terms in all Australian jurisdictions.

ALC also supports and encourages industry driven compliance with CoR through the National Logistics Safety Code (NLSC) and the Retail Logistics Supply Chain (RLSC) Code of Conduct.

RLSC was initially developed for all parties in the retail supply chain to better manage their legal obligations in relation to both Occupational Health & Safety (OH&S) and CoR. In April 2009, ALC developed NLSC to assist all companies in the supply chain to comply with their legal obligations.

The Code not only deals with mass, dimension and load restraint issues but also fatigue management.

ALC recommends that a suitable mechanism should be included in any national CoR legislation which recognises that
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T&L industry participants adhering to the Code should be taken to have complied with national CoR legislation.

Since the relevant T&L operator has the greatest knowledge of their business, the Code documentation must be authored by the operator to determine the processes, procedures and systems that identify and evaluate risks, and implement appropriate controls to comply with CoR.

The development of performance-based regulation embracing co-regulatory schemes designed to maximise compliance and efficiency, will allow the Australian T&L industry to expand the Australian freight effort without compromising the public interest.

Such an approach is consistent with established risk management processes which stipulate that businesses should manage all credible risks using the ‘as low as reasonably practicable’ principle.

The extent of regulatory action at the national level impacting on the freight T&L industry reinforces the fact that the Commonwealth should establish a national freight coordination body with responsibility for implementing and monitoring the national freight plan.

ALC has advocated that a body called Freight Australia should be created within Infrastructure Australia.

By identifying infrastructure of national significance for the purposes of the National Freight Plan, this new body would act as a ‘champion’ for the logistics industry to Government.

Additionally, by commissioning and analysing data to determine the type of regulatory environment and infrastructure needed to meet the freight task in, say, 20 years, this new body could effectively determine the way in which intermodal facilities away from destination points can be developed.

Identifying blockages affecting the transport and logistics chain and report progress in removing them, in much the same way as the COAG Reform Council reports progress on the seamless economy agenda would be another function of this new body.

There are a number of initiatives that could be undertaken now by the Government to ensure 2010 really is the year of freight. Progressing these initiatives would ensure 2010 is truly remembered as The Year of Freight Transport.

CEVA designs, implements and operates complex end-to-end Contract Logistics and Freight Management solutions focused on the needs of large and medium sized companies, on a local, regional or global basis.

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Complete logistics solution

With a rich history that traces back to 1925, Russell Transport has excelled as a “master carrier” servicing the transport and logistics industry.

The family-operated business supplies a dedicated and purpose-built fleet complete with operational support, to major manufacturers and distributors in the state’s south-east. Over the last three decades, Russell Transport has expanded its service offering to include heavy haulage, project management, specialised and general transport, crane hire and warehousing.

Russell Transport operates under a number of compliance programs which include “Trucksafe” industry quality standard and AS4801 OHS Management Systems. With shared ownership with Metro-Lift Cranes, the group is well positioned to provide a safe and reliable total logistics solution.

In 2009, the company opened a new “Approved place for Quarantine” depot to service the Port of Brisbane precinct. The strategically-located facility at Lytton comprises a wash facility, fumigation pad, quarantine storage area and large hard stand.

The group’s Heavy Haulage operations and Metro-Lift Cranes also operate at the Lytton site, which means customer requirements, ranging from transport and storage to lifting and quarantine, can all be serviced at the one location.

This, coupled with a commitment to quality, compliance and safety, cements Russell Transport’s focus on delivering a custom-built solution to a client’s unique requirements.

The Darwin Port Corporation (DPC) is currently spending over AU$150 million of investment capital to upgrade Port facilities to meet the growing needs of exporters and importers.

Part of the infrastructure program involves the development of the East Arm Wharf Facilities Masterplan 2030, which will provide long term staged management strategies.

The Port of Darwin is also the northern terminus of the Adelaide to Darwin rail link and many mine operators have nominated it as their port of choice to export millions of tonnes of ore including manganese, copper concentrate, iron ore and phosphate rock.

In just its third year of operation the $24 million bulk materials handling facility at East Arm Wharf saw trade increase by 75% on the previous year and this growth is expected to continue.

To support such increases in dry bulk trade the DPC has implemented major infrastructure upgrades including a 1,500 tph rail dump with the capacity to handle 25 ore trains per week and a bulk ship loading facility with a capacity of up to 2,000 tph. These facilities will be supplemented by a new conveyor system to move dry bulk cargoes from the stockpiles to the bulk loader.

Container vessel calls have grown substantially in recent times with the introduction of larger vessels on the Darwin – Taiwan – Shanghai route complementing an expansion of the container and break bulk service to Singapore and south-east Asia.

Cattle exports remain strong with record shipments being achieved in recent years. The Port took the world record for a livestock shipment when 22,184 steers and heifers were loaded aboard a single vessel bound for Indonesia.

Darwin is regarded as Australia’s second offshore industry support hub and the Port of Darwin is the import and distribution destination for most cargoes used in the oil and gas industry in the Arafura Sea, Timor Sea and waters off the coast of Western Australia, including those in the Bayu-Undan field which supplies the LNG production facility at Wickham Point in Darwin Harbour.

The Port’s offshore oil and gas rig tender berth facilities handle in excess of 500 offshore exploration and operations vessel calls and 350,000 tonnes of cargo annually. Significant growth in the number of rig tender vessel calls and cargo carried will continue with the forecast of more oil and gas activity in the region.

The Port of Darwin’s ability to service the growing needs of Australasian trade and the region’s oil and gas industry ensures its position as a key player in the future economic development of the Northern Territory and Australia.
Located half way between Sydney and Singapore, the Port of Darwin is Australia’s nearest port to Asia, the terminus of the AustralAsian railway, and the region’s growing multi-modal transport hub.

Capable of handling a wide range of cargoes, the port provides 754 metres of continuous deepwater berths, dedicated container facilities and an extensive bulk liquids terminal. There is also a bulk material handling facility which includes a 2,000 tph shiploader and a 1,500 tph rail dump, both to be supplemented by a new conveyor system.

The Port of Darwin is a recognised supply base for the Timor Sea oil and gas industry and is to become the site of a second LNG plant. The Port also holds the world record for the largest single export shipment of live cattle.

With more than AU$150 million currently being spent on capital infrastructure programs and the development of Masterplan 2030, the Port of Darwin is gearing up to meet Australia’s future trade needs.

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A SEAMLESS ECONOMY, A SEAMLESS SUPPLY CHAIN—NATIONAL FREIGHT NETWORK PLAN

SUMMARY OF THE SUBMISSION TO INFRASTRUCTURE AUSTRALIA ON A NATIONAL FREIGHT NETWORK PLAN

If the plan is to improve the national freight effort, the regulation must be right.

Single national systems for heavy vehicle regulation and maritime and rail safety are to be encouraged not frustrated.

Recommendation 1
The function of the National Freight Plan (NFP) operating within the National Transport Policy Framework is to ensure the regulatory environment, infrastructure and investment are in place to meet Australia's freight needs.

Crucial to this task is properly identified and supported nationally significant infrastructure.

Setting a target for the NFP—the ‘freight network target’
ALC believes an NFP should not be a process of ‘picking winners’ from a list of projects, chosen without cost-benefit analysis, nor should freight volumes be directed towards specific transport modes.

Rather, the function of the NFP should be to ensure the estimated freight task anticipated at a given time in the future (say 20 years) can be met.

Recommendation 2
A national partnership between the states and territories should:

» identify nationally significant infrastructure (through the Australian Transport Council);

» ensure land-use decisions give priority to nationally significant infrastructure; and

» provide a fund to finance land-use decision by state and local governments that favour nationally significant infrastructure over other land uses.

Local last kilometre issues
The ALC refers to the Victorian Freight Futures document, which notes that communities can be exposed to the last segments of heavy freight journeys.

In relation to capital-city strategic planning systems, COAG agreed that, by 1 January 2012, all states will have in place plans that meet new national criteria, with the COAG Reform Council independently reviewing the consistency of capital city strategic planning systems against the new criteria during 2010 and 2011.

There should be greater clarity as to the rules surrounding land use.

Recommendation 3
The NFP should encourage the development of ‘inland ports’.

Information Interconnectivity is an important aspect in the transport and logistics industry, requiring encouragement.

Inland ports
Most major ports are generally located within densely populated urban areas.

Rapid expansion of commercial, residential and retail development near major destination points can constrain further port development.

Noise from engine and brakes, air pollution and the visual desolation of empty containers stacked close to residential areas add to the community discontent.

Greenhouse gases from vehicles, particularly trucks, concern the community.

Business is also concerned about losses caused by congestion and storage of containers held as a result of truck queues and missed time slots.

Finally, the predicted increase in the freight task means the system of heavy vehicles coming from the suburbs to a central port pick up point will not be sustainable.

One solution is the development of intermodal freight terminals such as that mooted for Moorebank in NSW.
The Victorian Government publication *Freight Futures: Increased use of intermodal solutions*, highlights the trend towards intermodal solutions to cut dwell times and avoid road congestion.

The ALC recommends the NFP be designed to encourage the development of these intermodal facilities.

ALC also supports the development of an inland port that:

- recognises the interconnection between the intermodal facility, freight corridor and destination point; and
- ensures that infrastructure and regulatory decisions are made recognising that interconnectivity.

**Recommendation 4**

The National Freight Plan should encourage the development of mechanisms permitting the transfer of non-proprietary information across the transport and logistics chain.

To the extent that information sharing that could be regarded as being anticompetitive, the Federal Minister for Infrastructure should be able to declare that the proposed sharing of information is necessary to permit the efficient operation of the logistics chain.

A fully efficient freight and logistics chain requires a stable and clear set of regulations.

**Information and communications collaboration**

Impartial industry-wide ICT solutions for collaborative information-sharing enhances the transport and logistics industry’s ability to deliver predictable and reliable transactions.

As the ALC Smarter Supply Chain paper said:

> ...information that exists today is not being leveraged as it might to increase the productivity of T&L companies, their customers and the economy in general.

This failure to adapt ignores innovation and new technologies that can deliver significant benefits and customer service improvements, including the latest generation of Logistics Management Systems, Vehicle Tracking and Monitoring, Real-Time Traffic Information,
Routing, Freight Matching, and Wireless Communications that can ensure the effective integration of all parts of the supply chain.

The paper noted that the National Transport Commission made the following recommendation early in 2009: Thirdly, government should create greater information transparency by developing a common IT platform that: improves the transfer of information along the chain; and creates an information system that enables holistic management of the intermodal chain.

The NFP should encourage passive access to non-proprietary information to improve the flow of freight from one end of the chain to another.

This access could include the development of a ‘portal’ that could ‘glue’ the information held on the systems of transport and logistics chain participants, thereby allowing the timely exchange of information with all users and on an equal basis where the information is non-proprietary, or alternatively a set of guidelines that spell out what is required by users in each of the four major flows, combined with standard data definitions, so those developing any enabling software take these into account.

Recommendation 5
The National Freight Plan should aim at a single Land Transport Regulator responsible for regulation across all modes.

Nationally harmonised regulation
If the plan is to improve the national freight effort, the regulation must be right.

It is unacceptable, in a country that operates as a single market, that a truck transporting goods from Melbourne to Brisbane is subject to three laws relating to vehicle regulation, safe load regulation, driver licensing and road taxes.

COAG has agreed to:
- a national rail safety regulator, based in South Australia;
- a national regulator for maritime safety (Australian Maritime Safety Authority) responsible for regulating commercial vessels;
- a single regulation entity to administer a body of national heavy vehicle laws;
- a national heavy vehicle registration scheme, established under Commonwealth law;
- a consistent approach to minimum standards for heavy vehicle driver competency and testing and to heavy vehicle driver training school recognition; and
- a single physical national heavy vehicle driver licence.

But ALC believes that to get the benefits from the rationalisation of regulations, a single Land Transport Regulator with seamless regulatory arrangements across all modes should be created.

Two other issues need to be considered as part of an overall freight plan.

Road Pricing
The Australian Transport Council is developing nationally consistent road pricing through Phase II of the COAG Road Reform Plan.

ALC notes the COAG Road Reform team is developing draft policy principles to assist it in developing road pricing rules.

ALC also notes that road pricing proposals could be contained in the Report on the Australian Future Taxation System (the Henry Review).

As Ken Henry said in a 2009 speech:

One of the best illustrations of this (using technology to determine tax burdens) is in the area of road pricing, where new technologies can allow for more efficient charging for road use, leading to reductions in congestion and improvements in traffic flows…

In a subsequent speech, he said:

One of the questions the Panel has under consideration is whether further substantial gains, including from competition among providers, can be secured without quite specific reforms to our tax-transfer system…

Finally, designing an improved tax-transfer system for the federation is not enough… A new intergovernmental agreement (IGA) would be necessary…

An IGA will also need to have some specific timelines to ensure that the reform agenda is delivered but may also need to have some flexibility in relation to timing, especially if the reform package is an ambitious one…

Given the importance of road transport to the freight effort, the NFP should contain a view on pricing mechanisms that would promote efficiency and could be put to government as it determines tax policy.

ALC is concerned that two different road-pricing models could emerge from two different government policy areas. ALC is concerned the work of the COAG Road Reform Project may not be reflected in a broad intergovernmental agreement developed by the Department of Finance.

The NFP should have pricing mechanisms that would improve the efficiency of the T&L industry that can be advanced as government determines tax policy.

ALC supports more effective pricing mechanisms for road transport linked to cost impacts to improve distribution of T&L resources, and believes new measures should provide an incentive for high productivity vehicles.

These principles could be included in the NFP.

Finally, the ALC National Logistics Safety Code is harmonising the safety practices of different industry sectors. This will lead to greater efficiencies.
Recommendation 6
The plan should state that prices for road transport should be linked to costs. New measures should give an incentive for high productivity vehicles.

Recommendation 7
The Chain of Responsibility (CoR) laws should recognise the ALC National Logistics Safety Code which is harmonising the safety practices of different industry sectors. A logistics participant who follows the NLSC Code should be taken to have satisfied national CoR legislation.

Finally, a dedicated element within the bureaucracy should monitor the NFP.

Recommendation 8
A body called Freight Australia should be created within Infrastructure Australia to monitor the National Freight Plan.

Freight Australia
The NFP is now being rolled out. However, ALC thinks the plan must be championed within government.

A body called Freight Australia should be created within Infrastructure Australia.

The functions and responsibilities of Freight Australia could include:

a. commissioning and analysing data to determine the type of regulatory environment and infrastructure needed to meet the freight task in, say, 20 years.
b. identifying infrastructure of national significance for the purposes of the NFP;
c. determining the way in which intermodal facilities away from destination points can be developed;
d. developing the inland ports concept;
e. identifying blockages affecting the transport and logistics chain and report progress in removing them. The identification of blockages can ‘shame’ relevant entities into action. The ALC document Infrastructure Programs for Addressing Supply Chain Blockages identified 23 supply chain blockages affecting supply chain efficiency. This could be used as a template;
f. advising Infrastructure Australia as to whether a particular piece of infrastructure should receive funding;
g. acting as the government entity responsible for encouraging the transfer of non-proprietary information across the transport and logistics chain; and
h. acting as a ‘champion’ for the logistics industry within government. This would include:
i. ensuring information requirements of agencies such as Customs, AQIS and security agencies are practical and not too burdensome;
j. ensuring that the interests of the transport and logistics industry are recognised as government policy is developed.

Freemantle Ports—Planning of strategic freight routes

Port of Fremantle and its importance to the Western Australian Economy
The Western Australian economy is dependant upon trade for its growth and viability. As the State’s only dedicated container port, the Port of Fremantle plays a crucial role in the state economy. It accounts for 76 per cent by value of the state’s seaborne imports and 16 per cent by value of the state’s seaborne exports.

Why are road and rail freight routes important to the Port of Fremantle?
For a port to operate efficiently it is vital that there be good road and rail land transport links that connect it with metropolitan and regional centres. The 24-hour seven day a week operation of the port and its transport linkages is critical to meet the needs of the global shipping industry and to remain competitive.

If poorly planned these transport linkages may become restricted or congested and could result in an inability to meet customers’ needs, loss of trade, reduced employment opportunities and greater transport costs.

The transport problem!
In the Perth metropolitan region many of the strategic freight routes that service the port are under threat from urban encroachment. With growing land development pressures, sensitive land uses (mainly residential) are constantly seeking to locate closer and closer to strategic freight routes, which results in incompatibility of activities.

The impact of urban encroachment upon strategic freight routes
Developers often seek to maximise their return by locating residential developments as close as possible to the freight route.

New residents are subsequently faced with poor amenity and lobby state and local governments to have heavy freight traffic restricted or prohibited. Such problems and conflicts can be avoided through good planning and building design. The impacts of urban encroachment on freight routes can include:

» Inability to use the strategic freight route for its current and future planned capacity;
» Operational impacts on the land uses that are dependent upon the strategic freight route;
» Social, environmental and economic impacts as a result of not being able to use the freight routes as planned; and
» Reduced amenity for the sensitive uses, namely residential, that have encroached on the freight route.
What can be done from a planning perspective?

Good planning around strategic freight routes is essential to provide certainty for the future with good outcomes for all stakeholders. When planning for development around freight routes there are several key planning documents that seek to ensure good planning outcomes. These planning tools include:

» State Planning Strategy (WAPC)—This supports road, rail and port facilities with policies to ensure transport corridors and are protected from incompatible land uses.

» Statement of Planning Policy No 1. State Planning Framework Policy (WAPC)—This provides clear direction as to how transport and associated infrastructure should be planned.

» Statement of Planning Policy. Road and Rail Transport Noise and Freight Considerations in Land Use Planning (WAPC)—This policy seeks to minimise the adverse impact of transport noise.

» Local Planning Strategies—Strategic freight routes can be identified on the LPS map and discussed within the strategy report, so that the need to protect strategic freight routes is more widely known and understood.

Buffer Definition Study Summary

In light of the strategic importance of the Port of Fremantle to Western Australia it is essential that the impacts of port operations on the surrounding community and vice versa are determined and understood so that:

» Inner Harbour operations are not unduly restricted;

» Inner Harbour operations are not subject to additional controls that reduce port efficiency and/or competitiveness;

» Inner Harbour growth is permitted to continue to its optimal sustainable capacity limit;

» the safety and amenity of surrounding land uses is maintained; and

» the interests of existing landowners surrounding the Inner Harbour area are recognised and appropriately addressed.

As a consequence, Fremantle Ports undertook to apply the Western Australian State Industrial Buffer Policy to determine the need for an off-site buffer area surrounding the Fremantle Inner Harbour. Halpern Glick Maunsell, as lead consultant, was commissioned by Fremantle Ports to undertake the Buffer Definition Study.

The Study drew on the results of a number of investigations. These were:

» Port Operational Sub-study to determine the frequency, location and duration of residence within the harbour of livestock and scrap ships as input to noise and odour modelling;

» Quantitative Risk Assessment which took into account individual and societal risk levels as input to buffer definition;

» Several noise modelling exercises to quantify off-site emissions against the WA Noise Regulations;

» Obtrusive light investigations; and

» Odour modelling to quantify offsite emissions.

At both the state and local level, the planning basis for inclusion of a buffer around the Port of Fremantle is supportive.

Based on the demographic considerations, the scientific analyses carried out during the study and the existing and future planning context, a three level Buffer has been recommended.

The three recommended levels are:

» Area 1 which should exclude the establishment of additional sensitive uses other than residential uses and with residential uses having a high level of protective conditions relating to maintaining public safety and ameliorating the impacts of odour and noise;

» Area 2 which allows the establishment of sensitive land uses and with these land uses having a medium level of protective conditions; and

» Area 3 which allows the establishment of sensitive land uses and with protective conditions implemented at the discretion of council.

Buffer Current status

The State Industrial Buffer Policy was adopted by the WAPC in 1997.

Endorsement of Fremantle Ports Buffer was given by the WAPC and the DEP in 2004.

The City of Fremantle and Town of East Fremantle are currently in the process of incorporating the Buffer areas into their respective Town Planning Schemes. Both local authorities have prepared Buffer Policies in conjunction with Fremantle Ports and these are expected to be implemented shortly.

FOOTNOTES

1 Infrastructure Australia and the National Transport Commission The Proposed National Ports Strategy May 2010 page 33.

2 See in particular Part E3 of Volume 2 of the Henry Review.

Australia’s freight task will triple by 2050—from 503 billion tonne kilometres to 1,540 billion tonne kilometres, with local demand for total freight movements increasing by as much as 60 per cent by 2020.

The Australian Government is developing not only the National Freight Plan (NFP), but a National Port Strategy as part of an overall National Transport Policy Framework.

The vision of the proposed strategy
To drive the development of efficient sustainable ports and related freight logistics that together balance the need of a growing Australian community and economy with the quality of life aspirations of the Australian people and its objective:

» to improve the efficiency of port related freight movements across infrastructure networks, minimise externalities associated with such freight movements and influence policy-making in areas relevant to freight are supported, as are the priorities specified for the proposed strategy:

» planning for relevant ports and infrastructure;
» protection of the ability to execute plans;
» improving landside efficiency and reliability; and
» clarity, transparency and responsibilities in ports

The time has come to commence action to ensure the Australian freight effort is not frustrated by either undercapitalisation in essential infrastructure, poor regulatory design or short-sighted planning decisions.

Planning

Nationally significant infrastructure

National plans and associated policy documents should be focussed on ‘significant’ infrastructure.
The NFP requires similar focus.

‘Significant’ infrastructure is either:

a. of national significance; or

b. if developed, would be of national significance having regard to:

c. the size of the facility;

d. the importance of facility to trade and commerce; and

e. the importance of the facility to the national economy

This should be used as the criteria for judging whether a port should be covered by the nationally oriented planning documentation.

ALC also agrees that strong state and regional plans that work in conjunction with a national strategy developed using best evidence provided by organisations such as the Bureau of Infrastructure, Transport and Regional Economics and the Australian Bureau of Agriculture and Resource Economics should be prepared.

It is envisaged that the hierarchy of the various documents would operate in a manner similar to table 1 below.

ALC commends the work performed by the Victorian Government in preparing documents such as Freight Futures and Shaping Melbourne’s Freight Future Proposals for an Intermodal Solution to Service Melbourne’s Growing Containerised Freight Task.

**TABLE 01** Envisaged hierarchy of the various documents

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**Relevance of being designated as nationally significant:**

It would have two purposes:

The first would assist Infrastructure Australia as it develops infrastructure priority lists and provides governments with advice on planning for, and investing in, infrastructure.

The second is that it would assist governments when making land use decisions that can impact on an efficient freight effort.

Clause 3 of the National Objective and Criteria for Future Strategic Planning of Capital Cities requires a capital city strategic planning system to provide for transport corridors, international gateways, intermodal connections and the reservation of land to support expansion.

The ALC report recommends a national partnership between the states and territories outlining ‘nationally significant infrastructure’, ensuring land-use prioritises this, and creating a fund for government expenses.

ALC generally supports the recommended actions contained in the proposed national ports strategy.

The transport and logistics industry requires access to freight corridors. Moreover, too much residential intrusion near, or congestion around, logistics infrastructure causes inefficiency.

ALC agrees with observations made in the draft National Ports Strategy that freight is regarded as the ‘poor cousin’ of the urban planning context.

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The National Transport Policy Framework should aim to correct this perception.

**Governance of ports**

ALC believes that the strategy inherent in policies such as the Competition and Infrastructure Reform Agreement should continue, with facilities as far as possible operated as vertically separated ‘common user’ infrastructure.

At the very least, Government Business Enterprises such as Port Authorities should act as commercial organisations.

This would accord with the Australian Transport Council’s desire to introduce market principles into transport.

**Efficient operation of the landside access to ports**

The draft strategy document strongly favours the use of real time information systems to increase the efficiency of movements.

As the ALC has indicated in its publication *A Smarter Supply Chain Using Information and Communications Strategy to Increase Productivity in the Australian Transport and Logistics Industry*, impartial industry-wide ICT solutions for collaborative information-sharing enhances the transport and logistics industry’s ability to deliver predictable and reliable transactions.

ALC is therefore pleased with the observation contained in the draft strategy document that:

> “The draft strategy recommends further investigation of the ports information community proposal along parameters such as interoperability among relevant ports. The National Transport Commission, reporting to the Australian Transport Council would be in a relatively good position to do this.”

ALC agrees that the ATC should take the lead in ensuring the establishment of a regulatory environment facilitating the use of information along the freight chain.

Part 7 of the proposed national ports strategy discusses issues such as truck utilisation and congestion.

ALC notes that road pricing, including congestion charging, is an important consideration given that congestion outside of the port precinct can contribute to drivers being late to their time slot².

The draft strategy identifies the transport corridors that should be treated ‘as if they were part of the relevant’ port—a recognition of the need to recognise that some intermodal facilities located away from destination points act as an ‘inland port’.

For example:

- all feeding road and rail lines connecting the five major container ports of Fisherman Island, Port Botany, Port of Melbourne, Adelaide and Fremantle (as well as the port area themselves) as well as the terminals/DCs in industrial areas supporting import/export supply chain; and
- the feeding road and rail lines Major regional multi-user and multi-commodity ports, such as Pt Kembla, Newcastle, Geelong, Westernport, Gladstone, Mackay and Townsville (as well as the port areas themselves).

**A National Regulator**

ALC recommends a single Land Transport Regulator with seamless regulatory arrangements across all modes.

This policy objective is reinforced by suggestions such as this in the draft strategy document:

> “Current governance for roads differs markedly from that for other infrastructure in supply chains, including the ports. In priority area 3 it was suggested that the Council of Australian Road Reform agenda be advanced by use of some identified port Freight Corridors as a test bed. If so, then freight priority principles should be applied at the same time/trial.”

Observations such as this illustrate the national importance of transport corridors.

The draft strategy said that national coordination might best be effected by an expert advisor in each city, rather than a centralised approach, because detailed local understanding of operating conditions and parameters is necessary. It is notable that most states do have well-developed freight and logistics councils, which complement and support the ALC, and also could be of considerable assistance in the development of freight policies and freight plans.

ALC does not support this position as it would detract from national efficiencies in the freight effort. A single advisor providing advice to relevant entities would necessarily influence changes to port practices designed to enhance productivity.

ALC believes state-based organisations are not appropriate bodies to provide advice on matters relating to the efficient operation of national infrastructure.
As Sydney continues to grow, so does the demand for imports and exports and their associated delivery. One of the future challenges for Sydney’s ports is to accommodate this growth in trade.

Sydney Ports is proactively working with industry to implement various initiatives and infrastructure projects to improve the port’s performance and facilitate this forecasted trade growth. These initiatives and projects include the Port Botany Landside Improvement Strategy; the Port Botany Expansion project; the Intermodal Logistics Centre at Enfield and the Bulk Liquids Berth 2.

The New South Wales Government is pioneering a world first to increase the port’s efficiency, transparency and productivity, by regulating stevedore and carrier performance at its leading container port in Port Botany, Sydney.

The proposed framework for the reforms establishes a clear commercial relationship between carriers and stevedores whereby penalties would be paid by either party for failing to achieve agreed performance benchmarks.

Sydney Ports is currently providing daily port performance reports and communicating real-time port traffic conditions via live camera feeds, which can be viewed on the Sydney Ports website. These landmark reforms will ease daily truck congestion and freight delays, making the entire land supply chain high performing and safe.

The Port Botany Landside Improvement Strategy complements the Port Botany Expansion and Intermodal Logistics Centre at Enfield projects by improving landside transport infrastructure.

The $1 billion, 60 hectare Port Botany Expansion project involves constructing a third container terminal at Port Botany and is one of the largest port infrastructure projects undertaken in Australia in the last 30 years. The expansion will cater for future trade growth and introduce further competition and efficiencies at the stevedoring level.

Sydney Ports is also working with the New South Wales Government to move more goods by rail – with a target of moving 40% of containers by rail – and manage the growth in freight trucks on our roads. Intermodal and distribution centres are crucial to achieving this goal. The Intermodal Logistics Centre at Enfield will enhance the network of intermodal terminals throughout metropolitan Sydney to support this increase in rail movements between the terminals and Port Botany.

For more information visit www.sydneyports.com.au

Sydney Ports Corporation manages the commercial ports of Sydney. Combined, Sydney’s ports handle more than $50 billion worth of trade each year. Sydney Ports’ role is to manage the ports navigational shipping, security and safety needs; facilitate existing and future trade needs; minimise risks to the environment and have regard for community interests.
Sydney Ports Corporation is a manager and developer of world-class, efficient, sustainable ports and logistics networks.

Right now, we are working on improving Port Botany’s supply chain with the most ambitious ports reform agenda ever put forward in New South Wales, Australia – the Port Botany Landside Improvement Strategy (PBLIS).

Our commitment is to:
- Maximise the efficient movement of trade passing through the port
- Provide greater transparency of the overall supply chain performance
- Improve industry communications and provide regular information updates.

With international container trade continuing to grow, Sydney Ports is leading the PBLIS reforms to provide a more competitive port supply chain.

Supporting the reforms are other major infrastructure projects, including:
- The construction of a third container terminal at Port Botany that will double the current handling capacity of the port
- The enhancement of Sydney’s intermodal terminal network through the construction of the Intermodal Logistics Centre at Enfield that will support the increased movement of container trade by rail through Port Botany.

“We are working on improving the port’s supply chain”
The CEO of the Australian Logistics Council, Michael Kilgariff has endorsed the call by Infrastructure Australia Chairman Rod Eddington for a national approach to the planning and management of ports and freight movement.

As the peak national body for Australia’s freight T&L industry, the Australian Logistics Council (ALC) has been highly engaged with Infrastructure Australia and has welcomed the release of Infrastructure Australia’s updated National Priority List—Getting the fundamentals right for Australia’s infrastructure priorities.

ALC was very pleased that ‘Transforming Our Cities’, ‘Competitive International Gateways’ and ‘A National Freight Network’ were identified as three of the seven themes to meet the infrastructure challenge.

ALC agrees with Infrastructure Australia’s audit that “rail and road freight infrastructure planning and investment should no longer be undertaken in isolation from each other. Australia needs a coordinated and integrated freight network that is better linked with economic and land use planning, otherwise the potential investment benefits will not be fully realised.”

ALC has made submissions on both the National Ports Strategy and a National Freight Network Plan. Accordingly, ALC believes that the National Port Strategy and the National Freight Network Plan should be focused on infrastructure that is ‘nationally significant’. Nationally significant infrastructure should be judged on the importance of the infrastructure to the national economy and includes inland ports/intermodal terminals and the national ports.

Infrastructure Australia has already picked up some of the proposals made by ALC, including:

» The requirement that port plans should have a 20 year horizon;
» The importance of ensuring planning instruments preserve freight corridors and that buffer strategies are in place;
» Further investigation of ‘port information community systems’ (information interchanges) amongst freight chain participants; and
» The need to identify transport corridors that should be treated as if they were part of the relevant port—an identification of the need to recognise that some intermodal facilities located away from destination points act as an ‘inland port’.

Infrastructure Australia is developing a strategy for a national...
freight network and ALC hopes that other elements of its submissions are also ultimately incorporated into the Plan, including the development of a National Partnership between the Commonwealth and the states/territories which acknowledges that land use decisions should prioritise the efficient operation of nationally significant infrastructure.

A range of policy issues relating to the management of this network is also under consideration.

This includes a more consistent approach to freight network studies, forecasts and gap analysis; rail governance, rail/road modal integration; freight priority; and less reliance on government funding. Whilst the work is in its early stages, it seems likely that:

» It should address the capacity of the nation’s freight system to operate as an inter-connected network serving the freight nodes of the major settlements supplying the movement of more than one class of goods;

» Some significant transport infrastructure, and infrastructure that may merit a contribution from public funding, may not necessarily need to be part of a national freight network;

» The network will need to cover the major container and industrial ports as these are Australia’s principal nodes for general freight traffic;

» There needs to be a focus on the need to improve freight productivity, subject to sustainability and community amenity being improved, and as such the strategy will need to involve all three levels of government as well as industry;

» More consistency will be required in governance in terms of ownership, community service obligations, regulation, and planning;

» Significant practical issues for the road freight network would include use by high productivity vehicles, freight priorities, and pricing/charging;

» There should be a robust and consistent assessment framework for proposed projects involving road and rail terminals;

» Consideration needs to be given to gaining access to the networks from elsewhere; and

» Jurisdictions will be asked to develop and publish formal freight plans, identify and reserve terminals and road and rail corridors, provide priority access to freight vehicles on certain corridors and to ensure access for high productivity vehicles on the national network.

ALC also believes that a single national regulator should be responsible for freight movements in Australia through the
administration of a uniform suite of laws seamlessly regulating all modes of freight transport.

ALC will continue to support appropriate nationally consistent regulatory frameworks and transparent markets to ensure Australia enjoys the full benefits of national freight T&L policy development and reform.

ALC recommends the development of a National Partnership Agreement between the states and territories to ensure land use decisions prioritise the efficient operation of nationally significant Transport & Logistics (T&L) infrastructure.

Infrastructure Australia strongly supports the development of new intermodal capacity in our cities, and reservation of options in growth areas and believes that a national freight network also needs to be viewed in an historical context, to recognise and build on the long-term reforms that have moved Australia towards the aim of a single national economy.

Concepts for the future could include:

» Standardisation of more track on general freight railways (notably within Brisbane and further to the north), to Hastings in Victoria, and towards Bunbury in Western Australia;
» Separate management of task-specific railways (for example the Hunter coal chain);
» Unified governance of Australia’s general freight railway under the Australian Rail Track Corporation, particularly the line west of Kalgoorlie and the line to the north of Sydney;
» Development of freight corridors and precincts in cities, e.g. Moorebank in Sydney;
» Creation of a commercially orientated high productivity road network within cities and to container ports;
» Separation of urban passenger rail from the freight rail network in major capital cities; and
» Further development of longer train lengths on the national rail network and, over time, double stacking by containers on the inter-capital city freight rail network.

ALC recommends that strong state and regional plans that work in conjunction with a national strategy should be developed. ALC commends the work performed by the Victorian Government in preparing documents such as Freight Futures and Shaping Melbourne’s Freight Future Proposals for an Intermodal Solution to Service Melbourne’s Growing Containerised Freight Task.

The transport and logistics industry requires access to freight corridors. However, too much residential or other non-T&L related commercial intrusion near logistics infrastructure causes inefficiency. In particular, land-use decisions need to be made that satisfy “last kilometre” issues.

In relation to capital-city strategic planning systems, the Council of Australian Governments (COAG) agreed that, by 1 January 2012, all states will have in place plans that meet new national criteria, which includes transport & logistics requirements.

ALC encourages all governments to take these factors into account when deliberating on long term planning strategies.

always the perfect fit

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Construction began in September 2006 to build the 6.8km tollway consisting of twin two lane tunnels connecting the north and south sides of Brisbane. Over 12,000 people have worked on the project with the road officially opening to traffic on 15 March 2010, over 6 months ahead of schedule.

RiverCity Motorway operates the CLEM7 with FLOW Tolling being the tolling partner for both the tunnel and the Go Between Bridge.

Named after a former Lord Mayor, the Clem Jones Tunnel is the first section of the new M7 Motorway due to be completed in 2012 following the completion of Airport Link. This is also how it got the name CLEM7!

The CLEM7 allows motorists to bypass the traffic of the CBD as they pass 60 metres under the Brisbane River, avoiding up to 24 sets of traffic lights.

Businesses delivering goods, tradespeople, taxi drivers and everyday commuters all benefit from lower costs, lower stress and being able to anticipate how long the trip will take.

With connections at Woolloongabba, Kangaroo Point and Bowen Hills the CLEM7 makes travel faster, safer and more reliable.

**CLEM7 A Better Choice For Travel**

The Clem Jones Tunnel (CLEM7) is the first major road tunnel for Brisbane and an engineering feat.
Air Cargo is a US$50 billion business that transports 35% of the value of goods traded internationally. Goods travelling by air are traditionally high value, precious and time sensitive.

Qantas Freight flies to over 140 international destinations in 42 countries carrying over 340,000 tonnes of freight per annum.

Despite the critical role that carriers such as Qantas Freight play in the logistics supply chain, most have traditionally focused only on the airport to airport movement of consignments. Less emphasis was placed on understanding the true end to end nature of the supply chain and on more closely understanding the requirements of the ultimate shippers and consignees. In the end-customer’s eyes, shipments would temporarily disappear from view until they were delivered to the forwarder at destination.

Qantas Freight Head of Commercial Mr Theo Triantafillides believes the industry as a whole is now working to realise the benefits of better integrating carriers into the supply chain and that IT is both a key enabler in achieving this shift in attitude and a reason for change.

“Aside from price and reliability there are only two things of critical importance to most customers – getting their shipment from A to B and letting them know where it is at any time in the process,” says Triantafillides.

“Track and trace capabilities are standard but integrated, system to system status messaging has not always been possible.”

Industry commentators were spruiking the benefits of greater integration 10 years ago - so what happened?

The airfreight supply chain is overly complex with disparate technology and quality standards among the many different parties involved.

Triantafillides believes that in order to enable the paradigm shift required a change in culture is necessary.

“In many cases, freight forwarders have been heavily investing in systems development so there is a growing expectation that airlines keep up and provide greater transparency and data integration.” he says.

“Customs authorities and other regulators have been demanding increased compliance with their data requirements and driving change for the better but in a lot of cases it is being left up to carriers to see the writing on the wall and invest in infrastructure to provide not only what is possible today or even tomorrow but further down the track.”

At a macro level, industry bodies such as IATA are driving the adoption of broad industry standards and quality measures but it is carriers, forwarders and shippers that must work more closely to understand what is needed at a micro level.

Triantafillides sights the work that Qantas Freight has been doing through its Freight Futures business transformation program as an example of the insightful forward thinking required.

“Qantas is at the forefront of leading the industry change and with this transformation project will be able to offer not just a suite of new value-add products but will deliver a new benchmark for what is considered a ‘normal’ product offering for carriers,” he said.

“Instead of providing constant band-aid solutions to adapt its legacy systems, Qantas is instead investing in an integrated, multi-million dollar system and working with our industry partners to adapt its processes to better service their needs.

“With our Freight Futures program we will be able to provide customers with greater transparency and live time data through improved system integration and proactive electronic messaging.” he said.

In Australia at least it appears that the national carrier is well and truly keeping up with the needs of its customers, partners and regulatory authorities.
Qantas' freighter and passenger network covers over 140 destinations in 42 countries so whether you are sending fresh seafood to Shanghai, mining equipment to the US or express product across the Tasman we have you covered.

To find out more visit qantasfreight.com or call 1300 FREIGHT
It is the key link between trading partners nationwide and excellent communication and coordination is absolutely necessary as components and goods are moved throughout the country.

GS1 Australia is working closely with many of the key associations, transport providers and Government to assist this sector to understand, learn, leverage and implement open global supply chain standards to develop best-practice supply chains.

To this end, it is in the national interest for this important sector to collaborate on the adoption of open global standards as a basis for the exchange for non-competitive information across the supply chain. The multiple duplication of much of this information that currently exists is adding unnecessary cost to Australia’s supply chains.

GS1 standards provide a framework that allows products and related information about them to move efficiently and securely for the benefit of businesses and the improvement of people’s lives, everyday, everywhere. Our standards ensure effective exchanges between companies, and act as basic guidelines that facilitate interoperability and provide structure to many industries.

The use of open global standards is technology agnostic—they can be leveraged by any technology platform already in use. This allows GS1 Australia to assist businesses to meet their specific requirements, with an engagement that is business-focused rather than technology-focused. While we understand that each business’s supply chain issues are unique, solutions that leverage global standards will reduce cost, complexity and support interoperability across the industry.

Concrete benefits can include improved efficiency, increased visibility of the flow of goods and shipments, more efficient handling and inventory management, increased security of distribution, faster operations, and smoother exchanges with Customs, AQIS and other government agencies. With GS1’s voluntary, user-designed standards, companies in the transportation and logistics sector can work more efficiently, more economically, more sustainably and more competitively.

Australia is well serviced by a world-leading GS1 Member Organisation which is well placed to support the domestic T&L industry to understand, learn, leverage and implement open global supply chain standards.
Streamlining your supply chain efficiencies

GS1 Australia delivers services supported by global and local numbering standards to uniquely identify assets including products and locations in your supply chain. At the forefront of eCommerce and Supply Chain Management initiatives, GS1 Australia currently services 18 industry sectors and supports over 16,000 members nationally.

www.gs1au.org
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The ALC Submission on a National Ports Strategy recommended that Freight Futures should be taken as the benchmark quality standard for national planning documentation.

The Victorian strategy responds to the many factors that are driving changes in patterns of supply and demand. It provides industry with long term security through a clear statement of what the principal freight network is now and in the future, and a more predictable policy and regulatory environment.

Without substantial intervention, the economic cost of road congestion to all users, currently estimated at between $1.3 billion and $2.6 billion per annum, is projected to double by 2020. The Freight Futures strategy responds to the many factors that are driving changes in patterns of supply and demand.

In addition to these trends, the Victorian freight task is expected to grow significantly due to strong population growth and increasing consumption. Freight volume across all transport modes is expected to grow by close to 50% by 2020 and by around 100% by 2030 from today’s levels.

In April 2010, the Victorian Government released the Shaping Melbourne’s Freight Future Discussion Paper, which proposes to develop a network of intermodal freight terminals across Melbourne.

According to Roads and Ports Minister Tim Pallas, Shaping Melbourne’s Freight Future Discussion Paper puts forward an innovative approach to moving growing volumes of port-related freight around Melbourne.

As Melbourne’s population and economy continue to grow, we need to meet our freight challenges and deliver a more efficient and sustainable Victorian freight network—with rail playing an increasing role.

According to the Freight Futures report, the current freight task of over 200 million tonnes or 12 billion tonne kilometres is
carried almost exclusively by road and is growing at roughly 3 per cent per annum, projected to double by 2030.

Mr Pallas said the number of containers using the Port of Melbourne will increase from two million in 2007 to up to eight million by 2035.

“Around 80 per cent of these containers will have origins or destinations in the Melbourne metropolitan area and today all are carried by trucks. If we continue to rely solely on the current road-direct pattern of freight movement, truck trips to and from the central Port area will continue to increase,” he said.

Key design propositions put forward in Shaping Melbourne’s Freight Future include:

» That terminals should offer port to door service, comparable with current road options;

» Terminals should operate as inland ports with customs and quarantine status and be located within precincts that encourage freight customers to locate nearby;

» Operations should be based on government ownership of terminal land, overseen by a single government-owned authority. Operation of the intermodal system would be contracted to the private sector;

» Freight would be carried to and from the terminals, mostly in off-peak hours, using a combination of rail and road modes, using specialised rolling stock and next generation high productivity freight vehicles to minimise noise and environmental impact.

Freight Futures recognises the long term need to drive increases in productivity in the face of such change to improve Victoria’s economic prosperity and ensure that Victoria is well placed to face any challenges that may arise.

Changes in the freight and logistics environment are expected to continue at an even greater pace into the future. Freight Futures attempts to anticipate the key drivers of change.

World freight trade is increasing with economic growth, the globalisation of supply chains, the use of larger vessels and the implementation of more efficient freight and logistics systems.

Improved productivity in road and rail modes will be needed to support this greatly expanded port task.
NICTA is Australia’s Information and Communications Technology (ICT) Research Centre of Excellence, answering the really hard questions in ICT research. NICTA drives innovation through high-quality research, research training and technology transfer.

From imagination to impact

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People
According to most opinion polls, if you live on the east coast of Australia, you probably think State Governments are pretty much a waste of time and should be abolished. If you live on the west coast, you’re probably hoping you can break away and be shot of the whole mess over east.

But Australia isn’t going to do any of those things. Instead, this country is going through a fifty-year reform process, which really kicked off in the seventies, to change the roles of the states.

Australia isn’t going to abolish the states; we’re just going to have more and more ‘national’ government arrangements that make the legal boundaries between the states, and between the states and the commonwealth, increasingly irrelevant.

None of it involves messy, high profile Constitutional Referenda. Instead, it’s all happening through funding deals. Government in Australia is gradually being transformed by a series of joint ventures, between the states and the commonwealth.

What you saw Rudd talking up on TV, all that business about creating ‘shared hospital funding pools,’ back in April was just another example of this trend.

One of the benefits of this new world is that Australia will work more as one country and one economy; there are fewer and fewer inconsistencies between the states as the years roll on—which only makes those that haven’t been fixed all the more obvious and aggravating.

But one of the consequences is that it will be harder for industry to get the results it wants just by rolling through the door of a friendly minister. That’s a big change, especially over in the west.

In this ‘new Australian Federation’, individual ministers are less and less likely to be in hands on control of their own portfolio, whether it is at state or commonwealth level.

They are more likely to be sitting as members of National Councils (like transport ministers in the Australian Transport Council) or picking the members of independent, national bodies (like the new national truck regulator, Infrastructure Australia, the ACCC, ASIC, and the list goes on).

Even when they spend money, it will be a national priority list that guides them.

What does this mean for us? It means that to protect and serve our members in this new world, industry associations need to get much smarter over the coming years. We’ll need to be able to present convincing, credible evidence for our points of view—and we’ve got to lift our game on that front.

We’ll need to be able to persuade several different ministers, or even worst a whole bunch of independent (and sometimes faceless!) people, not just the minister one of us happens to have known since high school.

We’ll also need to get much, much better at explaining what our priorities are, so that we can influence where government chooses to go next, rather than always fighting to stop a decision that has already been taken.

That’s why so many people in sector-specific applications are looking to copy the ALC’s approach of publishing its strategic plan.

It’s the first step to smartening up our act in industry, and that’s what we’re going to have to do to properly serve the industry, in this new Australia.
WestNet Rail – Growing Western Australia

WestNet Rail controls over 5,100km of crucial rail infrastructure throughout the southern half of Western Australia. From grain to alumina, bauxite to iron ore, and interstate freight to passengers on the Perth to Kalgoorlie line, WestNet Rail plays a vital role in protecting and growing Western Australia’s economy.

With the privatisation of Westrail in December 2000, WestNet Rail was granted a 49 year lease by the State Government to manage the rail freight network. Now owned by ASX-listed Prime Infrastructure, which in turn is 40% owned by Canadian investment group Bookfield, WestNet Rail is one of the few independent rail infrastructure providers in the world. A successful recapitalisation late last year has brought improved access to capital, giving the business a strong platform for growth.

WestNet Rail is responsible for access management, signaling and communication systems, train control and rail construction and maintenance on one of Western Australia’s most important pieces of transport infrastructure.

To ensure fair network access for industry, an independent rail access regulator provides a regulatory overview and arbitration mechanism.

WestNet Rail strives to work in partnership with all our stakeholders, both within the commercial and government sector and the local communities within which we operate. We constantly drive value and ensure sustainable development, continuous performance improvement and a safe, people focused culture throughout all our operations.

Our people are the heart of our business and with WestNet Rail teams throughout regional Western Australia, we truly understand the difference each individual makes. Our team is made up of some of the most experienced and knowledgeable industry professionals and we are continually striving to create a workplace that is safe, team oriented, professional and challenging.

WestNet Rail is committed to a culture of safety excellence. We understand that if we want our business to run at its optimum, it must run safely, and we are continually improving safety practices to meet the best standards in the industry.

In recent years, WestNet Rail has experienced strong growth increasing the volume of freight hauled on rail by 20 million tonnes per annum to over 50 million tonnes per annum, with aims to reach 100 million tonnes in the next 5-10 years.

WestNet Rail is well placed to benefit from Western Australia’s continuing resource development and growth of the interstate freight task. Newly-tapped iron ore deposits developing in the state’s Midwest region, nickel and iron ore deposits in the Goldfields region and bauxite, alumina and export coal in the south west are likely to provide the business with valuable opportunities to grow.

WestNet Rail has the experience and expertise to facilitate the required development of rail infrastructure in Western Australia. We look forward to building on existing relationships and building new ones with the aim of leading the development of rail freight infrastructure projects throughout the state.

By investing today, we are investing in the future of the state’s rail network and Western Australia.

For further information or to contact WestNet Rail, please visit our website www.wnr.com.au.
267,000 train movements per year

5,100km of track maintained

50 million tonnes hauled each year

$20 billion worth of products hauled annually

Growing WA

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SCT Logistics deliver freight around Australia in the fastest, safest and most environmentally friendly way possible.

With a 30 year history of challenging the boundaries of conventional thinking, they have a reputation as a company that sets the benchmark for the transport industry in Australia.

SCT have built, and now operate, world class rail terminals in Melbourne, Perth, and Parkes, NSW. Plans are now underway for development of a new rail freight centre in Penfield SA, and land has been acquired in Bromelton Qld, for future rail terminal development.

With some of the most up to date and efficient locomotives and rolling stock in Australia, SCT Logistics ensures the right equipment for the right freight task, resulting in improved value, flexibility and efficiency for their customers. SCT's transport model makes them an operator capable of innovative solutions for a variety of freight tasks.

The recent investment in the most modern and technologically advanced locomotive fleet in freight transport has enabled them to run the most environmentally efficient locomotives operating in Australia today. This new technology offers improved performance and enhanced safety. These powerful engines have reduced emissions with two locomotives replacing the three that were previously needed to do the same job.

SCT Logistics offers a full complement of transport and logistics services including:

- Rail and Road Linehaul Services
- Local Distribution
- Contract Management
- Warehousing with Bonded and Refrigerated Facilities
- Property Development for Distribution Centres
- Tailored Rail Solutions

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At a glance

Total (all modes and all 56 origin-destination (OD) routes) interstate freight grew from 17.8 billion tkm in 1972 to 96.8 billion tkm in 2007, averaging 5.0 per cent growth per annum and is forecast to grow from 104.6 billion tkm in 2008 to 228.4 billion tkm in 2030—equivalent to average annual growth of 3.4 per cent. ‘All modes’ include road, rail and coastal shipping, but excludes air.

Although the global financial crisis will dampen interstate freight growth (total as well as by each mode) in the early years of the forecast period, there will be a substantial rate of interstate freight growth between 2008 and 2030.

Based on past trends, interstate road freight is forecast to slightly increase its mode share of interstate freight, while rail and coastal shipping are forecast to slightly decrease their mode shares.

Total interstate road freight is forecast to grow from 70.4 billion tkm in 2008 to 159.1 billion tkm in 2030—averaging 3.8 per cent growth per year. It is projected to grow fastest on the Northern Territory–South Australia OD route between 2008 and 2030.

Total interstate rail freight is forecast to grow at an average annual growth rate of 3.5 per cent, from 27.1 billion tkm in 2008 to 57.4 billion tkm in 2030. It is forecast to grow faster on some routes (e.g. VIC-NSW and QLD-VIC), while several routes (e.g. NSW-SA, SA-NSW, QLD-SA and SA-QLD) are projected to decline substantially.

The total interstate coastal shipping freight task is forecast to grow much faster (3.61 per cent per year from 2008 to 2030) than the rate of population growth (1.58 per cent per year) and also faster than the average national GDP growth (2.79 per cent per year), although with freight growth beginning to saturate with respect to GDP, the differential will reduce over time.

Total interstate freight estimates and forecasts

Between 1972 and 2007, the total interstate (sum of all 56 OD routes) freight task by all transport modes (i.e. road, rail and coastal shipping) increased at an average annual growth of 5.0 per cent, from 17.8 billion tkm to 96.8 billion tkm.

Between 2008 and 2030, total interstate freight task is projected to grow from 104.6 billion tkm to 228.4 billion tkm—equivalent to average annual growth of 3.6 per cent. The combination of lower GDP growth and reducing responsiveness to this growth (saturation in per person freight) results in the lower interstate freight growth rates in the forecast period compared to the period of the historical estimates.

Overall, the total interstate freight task is projected to grow much faster (3.61 per cent per year from 2008 to 2030) than the rate of population growth in Australia (1.58 per cent per year) and also faster than the average national GDP growth (2.79 per cent per year), although with freight growth beginning to saturate with respect to GDP, the differential will be reducing over time.

Interstate road freight estimates and forecasts

Between 1972 and 2007, interstate road freight estimates increased at an average annual rate of 7.4 per cent, from 5.4 billion tkm to 64.7 billion tkm (Figure ES.1). FES.1 Total interstate (sum of all 56 OD routes) freight estimates and forecasts by transport mode, 1972–2030.

Between 2008 and 2030, the total interstate road freight task is projected to grow from 70.4 billion tkm to 159.1 billion tkm—equivalent to average annual growth of 3.8 per cent (Figure ES.1). And between 1972 and 2007, road freight traffic on 34 OD routes experienced positive growth.

The highest average annual growth rates were on the Western
Australia-South Australia, South Australia-Western Australia and the Queensland-Victoria routes. Although Victoria-Northern Territory grew substantially, the interstate road freight task only started in the mid-1980s.

Generally, due to different levels of responsiveness to economic activity, some routes are forecast to grow faster than other routes during the 22 years from 2008 to 2030. Interstate road freight is projected to grow fastest on the Northern Territory-South Australia OD route. However, several OD routes are forecast to grow negatively. On the other hand, some OD routes and routes which are linked with Tasmania do not have any road freight traffic.

**Interstate rail freight estimates and forecasts**

Between 1972 and 2007, the interstate rail freight estimates increased at an average annual rate of 4.2 per cent, from 6.1 billion tkm to 25.2 billion tkm (Figure ES.1).

Between 2008 and 2030, the total interstate rail freight task is projected to grow from 27.1 billion tkm to 57.4 billion tkm—equivalent to an average annual growth rate of 3.5 per cent (Figure ES.1).

Between 1972 and 2007, interstate rail freight traffic was on the routes from Western Australia to the three major eastern states (New South Wales, Victoria and Queensland).

Although interstate rail freight task on the Victoria-Northern Territory route grew substantially, the rail freight task only started in the mid-1980s.

Due to different levels of responsiveness to economic activity, over the next 22 years (2008 to 2030), interstate rail freight tasks on several routes (e.g. NSW-SA, SA-NSW, QLD-SA and SA-QLD) are projected to decline substantially, while interstate rail freight tasks on some routes (e.g. VIC-NSW and QLD-VIC) are expected to grow faster.

**Interstate coastal shipping freight estimates and forecasts**

Between 1972 and 2007, the interstate coastal shipping freight task grew marginally, at an average annual growth of only 0.2 per cent, from 6.4 billion tkm to 6.8 billion tkm (Figure ES.1).

Between 2008 and 2030, the interstate coastal shipping freight task is projected to grow from 7.1 billion tkm to 11.9 billion tkm—equivalent to average annual growth of 2.4 per cent (Figure ES.1).
Due to different levels of responsiveness to economic activity, during 1972 to 2007, interstate coastal shipping freight tasks grew substantially (more than 8.0 per cent per annum) on the VIC-SA, TAS-WA and WA-TAS routes, while it declined on 20 OD routes.

Among these 20 OD routes, interstate coastal shipping freight task on the SA-TAS, QLD-VIC and QLD-NSW OD routes declined by more than 7.0 per cent per annum during this period.

Interstate coastal shipping freight tasks are forecast to grow positively over the next 22 years (2008–2030) on many of the interstate OD routes, while NSW-NT is projected to decline by 0.6 per cent per annum.

**Interstate freight estimates and forecasts on the North-South and East-West corridors**

**North-South corridor**

Between 1972 and 2007, the total interstate freight task on the North-South corridor (sum of road, rail and coastal shipping freight) increased at an average annual growth rate of 5.5 per cent, from 9.9 tkm to 65.4 billion tkm, while it is projected to grow at an average annual rate of 3.9 per cent between 2008 and 2030 (from 71.7 billion tkm to 165.9 billion tkm).

The interstate road freight task on the North-South corridor increased at an average annual growth rate of 7.3 per cent, from 4.7 billion tkm in 2007 to 56.2 billion tkm in 2007, while it is expected to grow in the future at an average growth rate of 3.8 per cent, from 61.4 billion tkm in 2008 to 139.2 billion tkm in 2030. Again, much of the explanation for the lower forecast growth rate lies in assumed lower economic growth, plus the growing saturation effect.

The interstate rail freight task on the North-South corridor has increased slowly, from 3.5 billion tkm in 1972 to 8.0 million tkm in 2007, an average annual growth of 2.4 per cent. Between 2008 and 2030, it is projected to grow at an average annual rate of 4.7 per cent, from 8.8 billion tkm to 23.9 billion tkm.

Between 1972 and 2007, the interstate coastal shipping freight task showed an irregular pattern and overall showed a decline, averaging -1.0 per cent per year, falling from 1.7 billion tkm in 1972 to 1.2 billion tkm in 2007. Between 2008 and 2030, the interstate coastal shipping freight task is, however, expected to...
grow at an average annual growth of 2.7 per cent, from 1.5 billion tkm to 2.8 billion tkm.

Interstate road freight mode share on the North-South corridor has increased significantly over the past 35 years, from 47 per cent in 1972 to 86 per cent in 2007 due to duplication and improvements to the highway and vast improvements in truck productivity (i.e. 6 axle articulated trucks, B-doubles etc.). It is forecast to decrease slightly to 84 per cent in 2030.

Interstate rail freight mode share has declined significantly, from 35 per cent in 1972 to 12 per cent in 2007 as competition from road became more intense. This was specially the case on the short North-South routes where rail fixed costs at either end weighted heavily against it. It is forecast to increase slightly until 2030 (14 per cent).

Between 1972 and 2007, the interstate coastal shipping freight mode share declined sharply to a low in 1988. Even more than road, coastal shipping cost effectiveness is limited for the short North-South routes by the high fixed costs of going through the ports at either end.

Interstate coastal shipping freight mode share is expected to remain the same until 2030.

**East-West corridor**

Between 1972 and 2007, the total interstate freight tasks on the East-West corridor (all transport modes) has grown significantly, from 3.3 billion tkm to 18.3 billion tkm—equivalent to average annual growth rate of 5.0 per cent. Between 2008 and 2030, it is projected to increase from 19.1 billion tkm to 38.6 billion tkm, an average annual growth rate of 3.3 per cent.

Historically, rail has been the main mode of interstate freight transport and it is expected to continue to dominate on the East-West corridor, due to the long distances. Between 1972 and 2007, the East-West interstate rail freight task has increased from 1.3 billion tkm to 10.7 million tkm, at an average annual growth of 6.1 per cent. Between 2008 and 2030, it is projected to grow at an average annual rate of 3.1 per cent, from 11.3 billion tkm to 22.3 billion tkm.

Although the East-West interstate road freight task grew 9.3 per cent per annum between 1972 and 2007, the initial value was very low (0.2 billion tkm in 1972 which increased to 5.3 billion tkm in 2007). By 2030, the East-West interstate road freight task is expected to grow to reach 13.0 billion tkm, an average growth rate of 3.8 per cent per year.

Between 1972 and 2007, the East-West interstate coastal shipping freight task showed an irregular pattern, resulting in an overall increase of just 0.7 per cent per year, from 1.8 billion tkm to 2.3 billion tkm. Between 2008 and 2030, East-West coastal shipping is expected to increase from 2.0 billion tkm to 3.4 billion tkm, an average annual growth of 2.3 per cent.

Between 1972 and 1976, the interstate coastal shipping freight mode share declined sharply due to cessation of the uneconomic service. Thereafter it remained stable until the advent of the single and continuous voyage permit system in the late 1990s. However, the interstate coastal shipping freight share on the corridor is expected to decline slowly until 2030 under current arrangements.

The rail freight share increased sharply to 1977 as coastal shipping collapsed and then decreased gradually until 1998 as road became competitive. It then increased slowly to 2007, as infrastructure improvements lowered costs and improved service. The forecast rail mode share is expected to remain relatively stable.

The road freight share of East-West traffic increased from 7 per cent in 1972 to 45 per cent in 1996 due to the sealing of the highway and vast improvements in truck productivity (i.e. 6 axle articulated trucks, B-doubles etc.), and then dropped to 29 per cent in 2007 as coastal shipping was resurrected. Between 2008 and 2030, road freight share is projected increase to 34 per cent.

**Comparison between corridors**

Between 1972 and 2007, the total interstate freight task (tkm) by all modes grew faster on the North-South corridor than on the East-West corridor.

Between 2008 and 2030, the total interstate freight task on the North-South corridor is projected to grow slightly faster compared to the East-West corridor. Interstate road freight has dominated on the North-South corridor, while interstate rail freight has been the main transport mode on the East-West corridor.

This is a summary of *Multimodal interstate freight in Australia—Research Report 120*. A full report can be downloaded from [http://www.bitre.gov.au](http://www.bitre.gov.au)
The IAP is an Australian Transport Council reform and has been developed at a time when the Australian road network is facing increasing challenges.

Whilst traditional reforms have served Australia well, authorities and industry require smart solutions to move forward.

The IAP is an effective, efficient, non-intrusive approach that delivers unparalleled assurance and productivity gains.

One of the many benefits of the IAP is its ability to accurately monitor compliance. In turn authorities and industry have new opportunities to optimise vehicle operations safely, efficiently and productively. Another important feature of the IAP is its ability to combine regulatory and commercial fleet management services.

The IAP provides a nationally agreed platform to support the current and future telematics business needs of governments.

This ensures that the public and private benefits of IAP can be realised.

The IAP provides a nationally agreed and compatible:

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Email tca@tca.gov.au
Website www.IAP.gov.au
SAFETY CODES UNDERPIN INDUSTRY ACCOUNTABILITY AND BEST PRACTICE

The Australian Logistics Council (ALC) has a strong focus and commitment to see the National Logistics Safety Code (NLSC) become the nationally consistent platform for the logistics industry’s solution to Chain of Responsibility.

ALC has written to all Transport Ministers supporting a nationally consistent approach to Chain of Responsibility (CoR) laws, as well as appropriate industry driven compliance measures as part of the framework for national heavy vehicle regulation.

ALC supports and encourages industry driven compliance with CoR through the NLSC and the Retail Logistics Supply Chain (RLSC) Code of Conduct.

The RLSC Code of Conduct commenced development in late 2005 at which time a draft was developed by a working group established by the ALC.

On 14 November 2006 the RLSC was launched in Melbourne. Implementation of the RLSC commenced from January 2007.

Woolworth’s, Coles Myer, Metcash, Toll Holdings and Linfox are the inaugural signatories of the Retail Logistics Supply Chain Code of Conduct (Figure 1). Despite the code being a voluntary initiative, the number of signatories has now increased to 46 since its launch.

Reiterating the commitment of Toll Holdings to the code, group managing director Mr. Paul Little said that the code was an opportunity for industry to self regulate and embrace the challenge to ensure safety through a concept that would engage everyone involved in the process including customers, in this case the retail industry.

The signatories agreed to the following ten points.

1. We recognise and accept our obligations in the transport chain of responsibility to maintain and promote safe operations.
2. We undertake to comply with all road transport laws applying to our operations and with the letter and spirit of these laws.
3. As retailers, we will not knowingly make any demand or impose any requirement that would cause any logistics supplier to break these laws.
4. As logistics suppliers, we will not knowingly meet any demand or requirement that would cause us to break the law and will immediately notify a retailer if any demand or requirement may cause us to do so.
5. We will actively support the development of industry codes of practice or guidelines.
6. We will also ensure that we have in place suitable and adequate processes, programs policies and training so that we can demonstrate that we have taken reasonable steps to comply with all relevant laws.
7. We acknowledge and accept that our obligations include queuing and scheduling requirements, loading and unloading facilities and equipment, well maintained, appropriately designed, and equipped vehicles, fatigue management, driver health and safety, and safety and security requirements generally.
8. We will cause all contracts or arrangements between us to include compliance with this Code of Conduct as a material requirement.
9. We acknowledge and accept that cost alone should not be the determining factor in meeting our obligations under this Code.
10. We will actively support and assist the National Transport Commission to meet its responsibility to develop uniform or nationally consistent road transport regulation and operational reforms.

In September 2007, ALC in partnership with the National Transport Commission (NTC), conducted a national Safety Summit in Melbourne. This summit was attended by 85 senior leaders of business, government and industry associations who adopted four resolutions:

1. T&L Industry leaders committed to “T&L Vision Zero” believing that there is no level of acceptable deaths or injuries in our industry and that if it can’t be done safely then it can’t be done. They agreed to shamelessly share their experiences and their progress and that safety is not a competitive issue.
2. The leaders also agreed that efforts must take on a supply chain focus and that the support and involvement of all governments, industry leaders, peak bodies and associations and unions would be essential.
3. They agreed that a single T&L industry safety code must be developed as soon as possible and that ALC had a responsibility to lead the process.
4. Finally they asked ALC to convene and lead a National T&L Safety Group in partnership with NTC.

In 2008, ALC in conjunction with representatives from RLSC and the Australian Steel Industry (ASI) began a process to bring together the RLSC and ASI code of practice to develop the NLSC.
Harmonisation of the two codes was completed in November 2008 and subsequently launched at the ALC Forum in February 2009 in Melbourne. At this forum NTC clearly endorsed the NLSC and welcomed industry taking the necessary steps to improve safety in the T&L industry.

NLSC supports a clear chain of responsibility in freight logistics, involving all parties in the operation from the retailer to the carrier and logistics provider. In setting clear operational and administrative guidelines for compliance with the spirit and letter of law, the code recognises the importance of public safety throughout the entire supply chain.

The code prescribes minimum levels of operational behaviour to assist those in the NLSC to manage their obligations under the relevant road transport laws and occupational health and safety legislation.

ALC believes the NLSC offers an opportunity for industry to respond in a coordinated way to produce a clear and equitable alignment of responsibility for carriage of goods within the chain. NLSC applies to regulation and standards applying to the following activities within the supply chain:

- Chain of Responsibility
- Occupational Health & Safety
- Scheduling and transit times
- Time slot management
- Safe loading practices including mass, dimension and load restraint
- Driver fatigue management including driver health
- Speed compliance
- Vehicle safety.

In February 2010, ALC in conjunction with the RLSC Management Committee conducted a workshop in Sydney to discuss progress of the RLSC and identify key areas that signatories felt needed to be considered by the RLSC management committee in shaping an agenda for year ahead.

The following RLSC 2010 agenda areas have been established as a result of signatory feedback from this workshop:

- Communication of RLSC – ensure effective communication of the code and the value it delivers.
- Fast Moving Consumer Goods (FMCG) Vendor Engagement – increase the participation of FMCG organisations in the Code.
- Education and understanding of RLSC – to provide better education to signatories on the RLSC and its workings.
- RLSC Auditing regime improvements – review the RLSC auditing approach and framework of documentation, training and guidance tools to deliver improved levels of signatory compliance.
- Policy and procedures in FMCG/Retail freight planning/execution – deliver a step change in the safety of the FMCG to Retailer primary freight journey through the improvement of industry wide policy and procedures in freight planning/execution.

Retail Logistics Supply Chain

CODE OF CONDUCT

Recognising the need for a safe and efficient transport function, in our interests, and in the wider interests of public benefit and safety, we adopt and agree to this Code of Conduct and its Guidelines.

1. We recognise and accept our obligations in the transport chain of responsibility to maintain and promote safe operations.
2. We undertake to comply with all road transport laws applying to our operations.
3. We, as manufacturers, suppliers, retailers or logistics suppliers, will not knowingly make or meet any demand or requirement that would cause us to breach road transport laws applying to our operations.
4. We will actively support the development of appropriate industry Codes of Conduct, Codes of Practice and Guidelines for the purpose of promoting compliance with road transport laws.
5. We will also ensure that we have in place suitable and adequate processes, programs policies and training so that we can demonstrate that we have taken reasonable steps to comply with all relevant laws.
6. We recognise and accept that our obligations include queuing and scheduling requirements, loading and unloading facilities and equipment, well maintained, appropriately designed and equipped vehicles, fatigue management, driver health and safety and security requirements generally.
7. We will cause all new contracts or arrangements between us to include compliance with this Code of Conduct as a material requirement.
8. We recognise and accept that cost alone should not be the determining factor in meeting our obligations under this Code.
9. We will actively support and assist the National Transport Commission to meet its responsibility to develop appropriate uniform or nationally consistent road transport regulation and operational reforms.
10. This Code and the Retail Logistics Supply Chain Code Guidelines are intended to be read together.
SAFETY

A new perspective on level crossing safety

Today’s trains are bigger, faster and quieter than ever, and there are more of them. QR operates about 1,000 services a day, across approximately 10,000 kilometres of track which is protected by around 1,800 level crossings around the state.

From January 2001 to December 2009 there were 157 collisions with road vehicles at level crossings across Queensland and 11 collisions with people. This resulted in 18 fatalities and 44 serious injuries. In addition to this a further 3,339 level crossing incidents were reported, ranging from near misses through to infrastructure being damaged. Research indicates almost all level crossing incidents are due to the road user ignoring the warning signals and signage.

To address this serious public issue, QR embarked on a new safety campaign to target road users, to change attitudes and behaviour around level crossings. For the first time, the campaign highlighted the stories of the often unheard victims of these tragedies, and the near misses at level crossings – the train drivers. The campaign focussed on the men and women who go to work and feel their lives are being put at risk through thoughtless and irresponsible actions of motorists, and the subsequent impact on their families.

By approaching level crossing incidents from a ‘human cost’ perspective, QR introduced the physical and emotional impact on the person at the controls of the train, with the aim of having a more direct and personal message to motorists who interact with level crossings. The campaign developed a strong emotional theme by revealing the confronting stories of real people affected by this issue, and why it is so important that attitudes and behaviour towards level crossing safety is changed.

The campaign was called ‘Driver’s Plea’ and QR employees were the initial target audience. A campaign pack with DVD was sent directly to employee homes and the video was posted on the RailSmart.com.au website. This campaign included a call to action for road users to simply be patient and more alert around level crossings.

The emotive campaign connected with colleagues in the ‘QR family’ and saw many of the 15,000 staff share the story with their family, friends and the wider community, as the message spread virally across the globe.

The Driver’s Plea video recorded more than 500 unique visits within 24 hours of going live on the QR website and 22,424 views in total. The media support of the campaign resulted in more than 50 news articles reaching an audience in excess of 500,000 people, including a feature on A Current Affair. The video was also discussed widely on talkback radio, generating increased awareness and discussion around level crossing safety.

In addition, 22 organisations ranging from local groups to international transport companies requested copies of the campaign pack, forging strong partnerships and increased reach of the safety message. The campaign response was overwhelmingly positive, with more than 2,000 pieces of feedback received.

In collaboration with other activities including the QR Community Education Team visits (direct contact with over 150,000 community members in 2009), engineering upgrades to level crossing infrastructure and increased enforcement by police, QR data on collisions with infrastructure has shown a 54% drop in broken boom gates and a steady decline in level crossing collisions over the last year.

To view QR’s Driver’s Plea campaign that successfully engaged a workforce and delivered important safety messages to the community, visit www.RailSmart.com.au/driversplea.
“We just want people to get home safely”
Peter Doyle, Train Driver

Everyday, train drivers face the real danger of motorist behaviour at level crossings. Incidents can have far-reaching impacts on train drivers and their families.

Make sure everyone makes it home safely.

QR values our train drivers and the community, please take care at railway level crossings.

Be aware. Stay alert. Be RailSmart.
How Smarter Supply Chains Evolve

While supply chain practice has evolved significantly over recent decades, the fundamental analytical framework of supply chain development remains effective. It is the combination of data collection, modelling, simulation, and solution design that provides the insight of complex operations and the basis for informed decision making.

The most critical step is to collect relevant and accurate data of existing supply chain operations. Without quality data, no accurate analysis can be done. Recording and processing large volumes of data has become practical and cost-effective due to the advancements in information technology. Most ERP applications have SCM modules that enable businesses to collect operational data. New data capturing technology, such as bar-coding, RFID, GPS, mobile computing, etc., are more frequently being used replacing manual data entry methods.

Whilst modern technologies give us more data than ever to be at our disposal, the challenge is how to transform the data into meaningful information to support business decisions. The process starts with understanding business priorities. As businesses differ in their strategies, so do their supply chains. For example, a luxury goods merchant may require low inventory but expedient order fulfilment, while a discount retailer may prefer low unit logistics cost and constant product availability. The traditional approach is to use quantitative methods to analyse supply chain performance. Key performance indicators (KPI) are popular measures of operational, customer service and financial performance. Repeating the retailers’ example, financial KPIs such as inventory turnover and landed costs, and operational KPIs such as delivery-in-full-on-time (DIFOT) and order lead-time can be used to measure how well business priorities are being achieved through supply chain management. The KPIs are then benchmarked against the business’ historical and peer performance to evaluate any improvements and identify new opportunities of development.

Another method is to use simulation techniques. Supply chain data, captured through various channels, are modelled using specialised applications. Current model and multiple to-be scenarios are simulated and evaluated. There is hardly a perfect model, rather a model should be chosen to pursue certain supply chain objectives, such as distribution network optimisation, driving down total logistics costs, or a reduction of supply chain carbon emissions.

The outcomes of the exercise will result in identification of areas that can be potentially improved, and/or supply chain models that can be adopted to meet the prioritised business requirements. This often leads to a series of projects, which if executed, will add value to the business from a SCM perspective. Where analytical and creative minds meet, innovation takes place. Whether it is a major transformation, or a minor operational step-up, the supply chain becomes more aligned to the overall business. By identifying the limitation of its supply chain, businesses can employ better technologies, skills, and processes to change the status quo. That’s how smarter supply chains evolve.

If you would like to discuss the topic further you may contact the writer on Kevin.Xu@damco.com or (02) 8917 5512
In a recent discussion paper, the ALC said smarter supply chains have the potential to improve efficiency and productivity, provide cost savings to consumers, and reduce carbon emissions.

To do this, the ALC proposes integrating the disparate information held by supply chains so that logistics companies and other transport groups can access the data to reduce time, expense and effort.

A common portal would bring together information on supply chain and goods and services from all transport and logistics modes such as road, rail, sea and air. It would ideally hold all route information, monitor the flow of freight traffic and each operating element, and keep track of each physical element.

ALC CEO Michael Kilgariff said, “Transport and Logistics companies hold a unique position in the supply chain because they are typically high users of existing and new information.”

Mr Kilgariff said that a lack of framework to clearly stipulate government requirements in regards to information-sharing creates regulatory uncertainty, and hampers the improvement of supply chain performance.

“The most efficient supply chains worldwide leverage real-time information and ensure real collaboration between partners, whether this is within a closed-loop, across the industry, or across the entire economy,” he said.

Currently, the competition law on the sharing of information across the transport and logistics supply chain does not allow such a scheme to operate. But the ALC hopes the estimated $1.5 billion in savings with every 1 per cent increase in efficiency will convince the government to establish laws and provide funding to make gathering and sharing information a reality.

Savings in carbon emissions add to the appeal of an integrated system.

Mr Kilgariff said that Smart Supply Chains must be sustainable, adding that “…it is clear that the enhancements that have most economic benefit come with efficiencies that will accelerate the reduction of CO2, but there is more that can be done to enhance the reduction of CO2: with innovative ICT applications.”

“The ideal Logistics System smoothly delivers goods where they are needed, when they are needed with the least amount of cost, energy, carbon, pollution, noise, congestion and harm. This involves minimising wait time and handling during the transport of goods to their final destination,” he added.

Mr Kilgariff also highlighted the difference between freight transport, where consistent pace is the key, and passenger transport, where high speeds between stations is important.

“The difference in requirements highlights the need to have dedicated freight corridors (linking key nodes) that can run large volumes of freight at steady speed, timed to load/unload at each node.

This has the added advantage of keeping down total cost, energy, carbon, pollution and noise, as well as reducing congestion and improving safety, including on passenger networks, which may currently be operating on the same infrastructure.”

Mr Kilgariff added that the Council of Australian Governments (COAG) has recognized this and agreed to national objectives and criteria for the future strategic planning of Australia’s capital cities.

Patrick Autocare wins Toyota Supplier Of The Year – Delivery 2010 with its ‘shore-to-door’ automotive logistics solution.

Patrick Autocare provides a total supply chain solution to the motor vehicle industry in Australia. Autocare’s unique services include motor vehicle processing, transportation and storage for Australia’s major importers and exporters.

The world leading ‘shore to door’ offering of a fully integrated service from wharf arrival to dealer delivery is built upon two unique elements: on-wharf processing facilities around Australia, and an IT system that tracks individual cars well before they reach an Australian port. The fully integrated service reduces transport costs and delivery lead-times as well as inventory costs.

Patrick Autocare processes in excess of 450,000 vehicles on-wharf and transports over 600,000 vehicles each year. They also offer customers vehicle storage facilities, both on and off wharf, motor vehicle inspections, rectification and specialist fitments and dealer services.

As the Automotive industry has undergone change and volatility in recent years, Patrick Autocare, with its dedication to customer service, has managed these changes by providing flexible, innovative and reliable supply chain solutions.

Toyota Motor Corporation Australia has been one of Patrick Autocare’s major customers since 1969. Toyota’s commitment to Quality, Continuous Improvement & Respect for People is well documented around the globe. In partnership with Toyota Australia, Patrick Autocare has adopted these principles and continually strives to improve performance and customer satisfaction.

The partnership with Toyota has resulted in many improvements over the years, with the Joint Quality Circle Program being the main driver of key improvement initiatives. Since 2003 the Joint Quality Circle Program has reaped such benefits as improved ETA accuracy, reduced insurance turnaround timings, safety enhancements and improved quality measurement & performance. The Quality Circle Program has been the platform which promotes our companies in partnership, which results in business improvements of mutual benefit. Reward and recognition are part of the Toyota Way. In 2010, Toyota recognised Patrick Autocare’s commitment to Vehicle Logistics and awarded the Company with a Supplier of the Year Award in the Delivery category. Patrick Autocare won the award for their ability to consistently meet Processing & Delivery KPIs.

Patrick Autocare was also one of three companies shortlisted for the overall Supplier of the Year award. “Winning this award and being shortlisted for another has increased the team’s determination to develop further our world leading, best practice ‘shore to door’ vehicle logistics service offering”, said Patrick Autocare General Manager, Alex Milan at the award ceremony.
The forefront of this renaissance is Pacific National Intermodal (PNI), Australia’s largest rail freight provider for containerised freight. Born in 2002 through the privatisation of Government owned entities National Rail Corporation and FreightCorp, Pacific National Intermodal is now a division of the top 50 ASX listed entity, Asciano.

Users of freight are increasingly recognising that intermodal freight has many advantages over pure road freight solutions, particularly over long distances. These advantages include:

- **Lower cost**—an efficient Intermodal solution can bring major savings in cost
- **Maintaining product quality**—goods, once packed in a container, are not subject to multiple handling prior to ultimate delivery.
- **Safer mode of transport**—rail provides a vastly reduced risk of accident en route
- **Environmental benefits**—with many end users seeking ways to reduce the carbon footprint of their business, rail has significant advantages in this regard
- **Less onerous legislative compliance**—particularly in an environment of increased obligations under Chain of Responsibility legislation

Most interstate Intermodal rail freight is carried by PNI on its well known Superfreighter services. These economical, efficient trains, up to 1800 metres long, double stacked and weighing around 5000 tonnes provide daily services between major capital cities in the mainland states of Australia.

A more recent innovation is Pacific National’s Express product. Operating from the East Coast states to Perth and back, these trains are faster than the standard Superfreighter, and operate on premium priority train paths, which mean shorter transit times. The result is a service that allows for late night dispatch from Melbourne and Sydney and reliable, early morning third day delivery in Perth, equivalent to a road outcome in all respects, but without many of the problems. The PNI Express solution has been the fastest growing part of the PNI business over recent years as customers have converted from road to this cost effective Intermodal solution.

The PNI Express service is particularly suited to time sensitive freight, including LCL/parcel freight and refrigerated freight. Pacific National has made the conversion from road to rail easy for customers by offering supply of suitable containers, and can even arrange local pick up and delivery. In this way, customers who have not yet invested in container equipment can still get all the benefits of Intermodal rail.

Intermodal rail is poised for continued growth as customers demand more cost effective and environmentally friendly transportation solutions. PNI Divisional General Manager, Chris Keast, is confident of a strong future saying, “With the total Australian freight task expected to grow significantly over the next twenty years, governments are increasingly seeing the benefits of improving rail infrastructure. They are addressing important areas of reform by streamlining regulations, increasing investment, recognizing the environmental, safety and congestion benefits of rail use in project evaluation, and reviewing heavy vehicle road user charges. As the sector benefits from these initiatives, Pacific National will be there leading the way, delivering innovative and sustainable services to our valued customers.”
The Port of Melbourne currently handles over 2.1 million TEU pa. with forecast growth to 8.0 million by 2035. The physical constraints on the Port (which is in the heart of the city) and the congestion and pollution generated by Port traffic are driving calls to change the way containers are moved in and out of the Port.

In response to this challenge, the Victorian Government has proposed to establish three ‘Metropolitan Freight Terminals’ (MFT) sited at strategic locations within the Melbourne Metropolitan area adjacent to major freeways and rail lines that link directly to the Port of Melbourne.

In support of this strategy, Westgate Ports (WGP) has recently spent $100 million to establish operations at Victoria Dock (in the Port of Melbourne) and to acquire land at key locations within the Melbourne Metropolitan area for the purposes of establishing a network of ‘Inland Ports’.

To get the terminals operating, WGP will be using a fleet of ‘High Productivity Vehicles’ (each able to take 4 x TEU) running on dedicated lanes on the freeway at night. Simultaneously, new rail infrastructure is being built (with government funding) to move as much metropolitan Port freight as possible onto rail.

Westgate Ports believes these initiatives will benefit customers, other transport companies using the terminals and the local community—by reducing costs and congestion and by improving safety and reliability throughout the entire supply chain.

Complete Logistics Experts at the Port of Melbourne

ROAD – RAIL – SEA – INLAND PORTS
Over 27,000 ships visited Australian ports in 2007-08. As the point of entry and exit of over $300 billion in goods, or 70% of all imports and 80% of exports by value, Australia’s 46 ports are busy places.

Most major ports in Australia are government owned and operated by appointed ports corporations. Ports generate their income partly by levying the movement of cargo across ports and partly by leasing land and port facilities to port users. Revenue earned by companies in the Port Operators industry is expected to grow by an annual average of 5.1% over the five years to June 2010 to reach $2.35 billion.

Melbourne ports are the exit point for the largest share of exports by value, while Dampier and Port Hedland are the largest exporters by weight. Sydney dominates as the point of entry for imports. In the eight years to 2007-08 the value of imports and exports moving across Australian wharves roughly doubled in value from $154.6 billion to $303.4 billion while the weight of these goods increased by 50% to 789 million tonnes. Containerised and non-containerised trade is expected to increase in volume by 5.4% and 3.9% a year up to 2024-25.

<table>
<thead>
<tr>
<th>Market Share</th>
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<tbody>
<tr>
<td>Gladstone Ports Corporation Limited</td>
<td>9.0%</td>
</tr>
<tr>
<td>Sydney Ports Corporation</td>
<td>9.0%</td>
</tr>
<tr>
<td>Port of Melbourne Corporation</td>
<td>8.4%</td>
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The two factors shaping the growth and geographic spread of port operators in Australia are the boom in mining export activities and the rising price of oil. A number of resource ports will have their capacities doubled over the next five years, with the ability to handle over 100 million tonnes of cargo a year.

The largest growth in capacity will be at regional ports rather than capital city ports. Ports are not only expanding in capacity, but also proliferating in number. Recent plans have been announced to create new and large-scale commodities ports in the Mackay area of Queensland and in the Pilbara region of Western Australia. This is in contrast to the traditional trend of having one or two ports serving huge geographical areas.

During 2007 the Western Australia State Government undertook a preliminary study for a new iron ore port with a capacity of up to 300 million tonnes per year. To be located in the Port Hedland region, it is likely that the proposed port will be open for business by 2017.

In mid-2008, a plan was proposed by the Queensland State Government to build a 100-million-tonnes-per-year coal export terminal in central Queensland (between Rockhampton and Mackay), the state’s first new export terminal in 25 years. The proposed site is only around 200km from the Port of Gladstone, currently Queensland’s largest coal port. One reason for not simply expanding the Gladstone port further stems from increasing nervousness in the mining industry about the price of oil and its impact on the costs of getting commodities to port. Transporting coal and ore by land is more expensive than doing so by sea and mining companies are increasingly aware that record rises in oil prices have the potential to affect their bottom line quite considerably.

Rising land transport costs and the increased intensity of mining in regional locations mean that the business case for locating ports at smaller intervals from each other is strong. IBISWorld predicts that in the long-term, an increasing number of medium-sized ports may be constructed in the resource mining regions of Queensland and Western Australia, as the port industry reshapes itself for shifting volumes.

(Source: IBIS World)
Setting a mark in Australia’s cold chain logistics industry

As one of Australia’s leading third party cold chain logistics service providers, Costa Logistics continues to set the standard in the industry.

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Costa Logistics continues to experience growth across its target market segments which include FMCG, retail, household and personal care.

The company continues to be recognised as an industry leader with highlights including the Coles award for “Most improved site for safety”, the “Top Transport and Logistics Provider” and a “Highly Commended” in the Logistics Leader category of the 2009 Mercury Awards.

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Our unique combination of sector knowledge and entrepreneurial flair gives clients access to real estate expertise of the highest calibre.

Globally, Savills is a leading real estate service provider listed in the London Stock Exchange. With over 200 offices and associates worldwide, Savills provide clients with innovative property solutions and expertise in sales, leasing, valuations and all aspects of property and business management.

Across the Asia Pacific Region, Savills have 46 offices across 40 cities and in Australia we have 13 offices across the country and an alliance with Barfoot and Thompson in New Zealand completing the circle and providing us with full global connectivity.

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While the struggles and passions of rural life are often used to define the Australian spirit, for the vast and overwhelming majority of Australians, life in the cities is the reality.

Some city dwellers may yearn for a sea change or a tree change, but few of them will take such a step. For Australians, living in the nation's major cities will be the norm both for the present and for the future.
Australia is one of the world’s more urbanised nations, with just over three-quarters of the population living in 17 major cities of 100,000 people or more and the majority of urban dwellers living in five cities—Sydney, Melbourne, Brisbane, Perth and Adelaide. The population of Australia is projected to be 35 million by mid-century, with our capital cities becoming home to the vast majority of this increased population.

Within the largest capitals, urban areas are growing rapidly, with net overseas migration seen as the main contributor to population growth. The local government areas of Wyndham, Melton and Whittlesea in Melbourne; Wanneroo, Swan and Rockingham in Perth and Ipswich in Brisbane are among the fastest and largest growth areas in the nation. In 2007–08 they experienced growth rates above 4 per cent and population increases of 4,000 or more for the year.

Australian urban life provides extensive economic, social and cultural benefits for residents. Large net migration and the concentration of overseas-born people in the cities have created a cultural and linguistic diversity that has helped further define and enhance modern urban life. While Australian cities perform relatively well in terms of quality of life and other social issues, they are confronted by significant challenges including population growth and demographic change, transport congestion, living affordability, infrastructure development, productivity growth, climate change and ecological sustainability. Australian cities will need to respond effectively to these challenges in order to sustain the high quality of life enjoyed by urban communities into the future, and remain globally competitive.

Overcoming the negatives and enhancing the positives to improve the lifestyles of Australia’s urban residents requires discussion and debate, which can only be initiated on a national level, in national forums and with research and data collected and presented uninhibited by local concerns and/or prejudices.

Depictions and studies of individual cities—capital and/or major—are commonplace. However, a holistic study of the phenomena of Australian cities, measuring economic, environmental, social and demographic changes, has never before been undertaken. Systematic data compilation, which can reveal trends and provide a platform of knowledge for the development and implementation of future urban policies, has been deficient.

The State of Australian Cities Report 2010 begins to redress that information deficiency and sets the scope and context for Australian Government involvement in urban policy and planning, which has as its focus improved living standards for the people who live in the nation’s major cities.

The economic strength of Australia’s major cities is evident. They contribute nearly 80 per cent of national Gross Domestic Product and the employment of 75 per cent of the nation’s workforce. The major cities are also responsible for some 84 per cent of Australia’s economic growth in the period 2003 to 2008 and 81 per cent of employment growth between 2001 and 2006. There is nothing to suggest that those trends will change.

Stronger, more sustainable and more liveable Australian cities mean a stronger Australian economy and an enhanced lifestyle for all Australians.

In the economic and lifestyle context, the well-being of urban communities also need to be understood to support policy development and delivery.

The report found that the past outward urban expansion has meant a greater distance between residential and employment areas with a resultant greater use of cars, higher transport costs, more vulnerability to oil price rises and the loss of agricultural land or habitat. More recently, however, the pattern of growth has seen an increasing proportion of population growth accommodated in existing inner and middle suburban areas, most notably in Sydney.

The level of car dependency in Australian cities has increased at a faster rate than population growth, creating traffic congestion problems as infrastructure and public transport have failed to keep pace with population growth.

Congestion, the bane of urban dwellers, if not addressed will continue to grow as a serious negative not only for lifestyle but also for the negative economic impacts. Quoting the Bureau of Infrastructure, Transport and Regional Economics, the report estimates that the avoidable cost of congestion for the Australian capitals was approximately $9.4 billion in 2005. Projections show that by 2020 this cost will rise to $20.4 billion, impacting adversely on Australian productivity and national, state and territory and local economies.

Congestion not only lengthens working hours but also tilts the work/family balance contrary to the aspirations of the majority of Australians. In addition, congestion leads to productivity declines. In Australia’s eight capitals, the freight task—the movement of goods—is expected to grow by 70 per cent between 2003 and 2020 and, as trucks compete with other traffic in ever more congested roads, productivity will decline and costs to business increase.

Congestion and growing vehicle numbers result in air quality declines. Transport emissions are one of the strongest sources of emissions growth in Australia. That growth is expected to continue, with direct CO₂-equivalent emissions projected to increase 22.6 per cent between 2007 and 2020—or around 1.58 per cent a year.

Declining air quality is linked to commonly reportable health
conditions among children and young adults, with respiratory conditions and exposure to urban air pollution now accounting for 2.3 per cent of all deaths.

All three spheres of Australian government—national, state and territory, and local—have roles to play in addressing and meeting the key challenges and opportunities to improve the productivity, liveability and sustainability of Australia’s cities. This can only be achieved by working in partnership with communities and the private sector.

The design of urban environments can contribute to the health and wellbeing of communities by supporting active living, active and passive recreation opportunities, public transport and social connectivity. Evidence suggests that well-designed public open space is restorative for the community, reducing the mental fatigue and stress of urban living.

Australian cities can provide many opportunities to lead the nation towards a more sustainable future. The way cities are planned, built and function can promote more efficient use of resources, including water, energy and land, minimise the production of waste and encourage more reuse and recycling, reduce greenhouse gas emissions, and support biodiversity in and around urban areas through better management of open and green space. State and territory governments lay down strategic planning frameworks, and local governments implement planning policies that ideally reflect local aspirations. However, while the eight state or territory governments and 155 local governments will significantly influence the future direction of Australia’s major cities, there is an inherent need for a coordinating and oversight role for the Australian Government, given its primary economic, social welfare and infrastructure roles. Fitting the policies—sometimes allied, sometimes conflicting—of state, territory and local government into a national framework can only be achieved by a national collaborative approach.

In the rollout of new infrastructure, local, state and territory governments increasingly look to the Australian Government for the necessary capital to supplement their own financial inputs. In meeting growing local, state and territory demands, the Australian Government, however, must ensure that taxpayer funds are allocated to deliver improved living standards and quality of life for all Australians, as well as the national economic good, rather than satisfying particular local demands.

The data and material presented in the State of Australian Cities Report 2010, will assist the Australian Government, in cooperation with state, territory and local government, and in partnership with the community and industry, to improve Australian urban policies. This will not only continue to provide the major cities contribution to the nation’s economy but also enhance the living standards and life quality for our communities.

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Chairman Backman, delegates.

I want to begin by acknowledging the traditional owners of the land on which we meet today and pay my respects to their elders, past and present.

I am pleased to have the opportunity to address your annual forum, which follows meetings I have had with some of your leaders.

The Australian transport and logistics industry is the lifeblood of our nation’s economic productivity. It generates up to 14.5% of Australia’s GDP and provides more than one million jobs across 165,000 companies.

Your industry covers an extremely diverse range of operators.

Large companies such Linfox and Toll provide a range of services for clients, whilst others, such as Australia Post, undertake their own logistics.

It is also an industry within which for every large company, there are many more mum and dad operators.

With such diversity, it is little wonder that we have so many associations representing differing industry sectors and regions, placing varying demands on government and offering competing solutions.

That is why it is particularly pleasing to be addressing the annual forum of the Australian Logistics Council—a body that is national and is cross modal.

A forum removed from the tired policy debates of the past. A
The Rudd Government is committed to improving Australia’s global competitiveness to meet the challenges of the future.

Today I would like to address our productivity agenda—the importance of infrastructure renewal and the role of regulatory reform.

And in the face of the expectation that by 2056 Australia’s population will reach 35.5 million, the topic that dared not speak its name for most of this decade—urban policy.

I will also briefly mention some government initiatives on smart infrastructure and workforce planning.

**Infrastructure**

The Rudd Government believes that targeted infrastructure investment is fundamental to strengthening our economy, creating jobs, and building the assets we need to lock in our long-term economic prosperity.

During recent years we developed a coherent policy that we put into place in government.

We listened to industry.

We listened to economists.

We listened to the Reserve Bank and its 20 separate warnings about capacity constraints in the economy.

We listened to the frustration of Australians dealing with urban congestion, poor infrastructure and the lack of leadership to avoid dangerous climate change.

Above all we listened to and acted on our gut instinct.

The instinct that tells us that we are engaged in politics to make a real difference.

That building the capacity of the nation through infrastructure has long-term benefits well beyond the period of any government.

Our gut instinct told us that we needed to break the nexus between the infrastructure policy cycle and the three-year electoral cycle.

Like any piece of essential infrastructure, it has been essential to get the foundations of our policy right.

We have formed a new Department of Infrastructure.

We appointed the nation’s first Federal Minister for Infrastructure.

We created Infrastructure Australia, with an advisory council of 12 Chaired by Sir Rod Eddington and with half of its members drawn from the private sector.

We have conducted an audit of Australia’s infrastructure needs and published the first assessment of nationally significant projects.

We established three nation building funds in our first budget and made an initial allocation of $26 billion.

Our second budget provided investment where the economic need is greatest—on those projects that were assessed as national priorities.

We set up the Building Australia Fund to support ongoing infrastructure investment, and completed our first major Public Private Partnerships policy, to make it easier and cheaper for the private sector to partner with governments.

Now if imitation is the best form of flattery, then it’s clear we’ve...
got the fundamentals right.

In the last few months, the British Labor Government has announced the creation of Infrastructure UK.

It’s not just Labor Parties adopting this model.

Upon coming to office, the New Zealand conservative government sought advice on the Infrastructure Australia model.

Here in NSW, the opposition has adopted a core policy of the establishment of Infrastructure NSW.

Likewise, the Tasmanian opposition has adopted a policy to create Infrastructure Tasmania.

The Infrastructure Australia architecture is doing what it should—removing the temptation towards short-termism.

It gives business a transparent process, and promotes evidence-based public investment decisions.

**Infrastructure investment**

Together with the states and territories, we’re building the transport infrastructure that will make our economy more productive, our regions more prosperous, our cities less congested and our environment even more sustainable.

We are investing almost $36 billion over six years to modernise and maintain the nation’s road, rail and port infrastructure.

The federal roads budget is now $27.7 billion over six years—more than twice what the previous government spent over a similar period of time.

The rail budget is now $7.9 billion over six years for 38 major freight and passenger rail projects.

We are investing more in rail over the next 12 months than our predecessors did during their 12 years in office.

We are the first national government to invest significantly in urban passenger rail infrastructure.

And we’ve set aside funds for port infrastructure.

On top of this, the states and territories have agreed to contribute more than $6 billion of their own money to the national network.

Our unprecedented investment will lower transport costs, tackle the rising cost of urban congestion, cut travel times, curb carbon emissions and save lives.

This year alone, construction work will commence on major road and rail projects worth more than $20 billion.

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**National Ports Strategy**

In order to facilitate growth in trade and to improve Australia’s performance in the global economy, a more national approach must be brought to the job of planning, regulating and investing in our trade gateways, our ports and landside infrastructure.

Historically this task was left to state governments and the private sector.

The Rudd Government supports a nationally consistent and coordinated approach to the major ports so critical to our future.

We have asked Infrastructure Australia for a national ports strategy and a national freight network plan.

Last week, Infrastructure Australia consulted industry on its exposure draft of the national ports strategy.

I understand there was some robust discussion on some key issues, such as long-term master plans for nationally significant ports, and the right model for nationally consistent approvals for port precincts, channels and freight corridors.

I am pleased to see serious engagement is underway on these and other key issues, and I look forward to receiving the end product of these consultations later this year.

Infrastructure Australia is also working on a national freight network plan.

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**Maritime reform**

A key area of the transport sector that has been neglected in the recent past is the maritime industry.

Each year, almost 4,000 ships transport goods to and from Australia, carrying 99 per cent of imports and exports by volume. This constitutes the world’s fifth largest shipping task.

Future economic growth and quality of life is tied to safe and efficient shipping. With the relatively dispersed number of major ports and population centres around our large coastline, shipping’s lower carbon footprint offers unrealised opportunities. It needs to be considered within our overall transport strategy.

That is why we are working hard on three aspects of maritime reform: a single national regulator for all commercial vessels; the rewrite of the Navigation Act 1912 to modernise it to reflect contemporary conditions and practices; and consideration of reforms to revitalise Australian shipping.

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**Regulatory reform**

Delivering safe, efficient and productive transport arrangements is not just about investment. It’s about improving productivity
through regulatory reform, creating a seamless national economy, and reducing costs and red tape.

The need for regulatory reform is critical. We understand that different approaches to regulation between states and territories add a considerable burden for operators who cross state borders.

The ALC study, ‘The cost impact of regulation disparity in cross border regions’, recounted the example of the transport of hay bales.

The standardised nature of hay bale production means that when stacked two wide and three high on a vehicle, they exceed load width and height limits in some jurisdictions but not others.

The problem caused by differing approaches to regulation was first recognised when Bob Hawke established the National Road Transport Commission in 1991 with the aim of creating uniform or consistent road transport legislation throughout Australia.

Much progress has been made since then. But while all Australian jurisdictions recognised the importance of regulatory harmonisation, the pace of reform needs to be lifted to meet the challenges that lie ahead.

That’s why in July last year COAG agreed to implement national regulators for maritime safety, rail safety and heavy vehicles.

The expanded national maritime safety regulation will continue to be hosted by the Australian Maritime Safety Authority.

South Australia will host the national rail safety regulator, and Queensland will host the national heavy vehicle regulator.

I stress that these will be national regulators, not the current state regulators with an expanded role.

This will mean improved safety and improved efficiency for industry.

All three national regulators will be fully operational by 2013.

Cities and planning

It is common sense that any consideration of improving the performance of freight supply chains needs to grapple with the nature of our cities and urban congestion.

This is even more important when considered in the context of population projections over the next 30 years forecast in the Intergenerational Report 2010.

Prime Minister Kevin Rudd, in his address to the Business Council in October last year, said:

“Capital city strategic plans are needed to lift economic productivity, respond to climate change and ensure the nation is geared up for 35 million people by 2049.”

The number of people living in cities is projected to increase from 13 million to 23 million.

Brisbane and Perth’s populations will grow by 120 per cent. Sydney and Melbourne will each have 7 million people.

The quality of life in our cities is an issue we as a nation have confronted before.

In the 1970s, issues including the lack of sewerage infrastructure in the outer suburbs were tackled by the Commonwealth, and the quality of urban life improved.

In the 1990s the regeneration of inner cities was enhanced under the Better Cities Program.

Now we must confront the challenge of ensuring we develop sustainable cities for the future.

Australia needs a policy framework that will assist the Commonwealth, the states and territories and local governments to create productive, liveable and sustainable cities.

In 2008 we created the Major Cities Unit.

In December 2009 COAG agreed to national criteria for capital strategic planning systems to ensure cities have strong, transparent and long-term plans in place to manage population and economic growth and address future challenges.

These plans and the agreed criteria will be linked to future Commonwealth infrastructure funding decisions.

Work is proceeding between jurisdictions on improving Australia’s urban congestion management, tools and performance information.

The Australian Government is providing $50,000 to the ALC for...
its Future Supply Chain project, which will facilitate a national industry policy position on future supply chain sustainability relating to energy and environment matters.

Smart infrastructure

One of the real opportunities to make our transport systems safer and more reliable, and our lives less stressful, is to make our infrastructure smarter.

The Federal Government’s $43 billion commitment to establish the national broadband network will support the future economic growth of the Australian economy and open significant opportunities for government and business to invest in smart infrastructure.

There are a number of other initiatives underway supporting the application of smart infrastructure.

We have invested in the Australian Rail Track Corporation’s Automatic Train Management System trial.

We are also committing tens of millions to a range of smart infrastructure projects such as the Kwinana Freeway Freight Management system in Western Australia and the Advanced Traffic Management System in South Australia.

Building on these initiatives, the House of Representatives Infrastructure Committee has agreed to my request to enquire into smart infrastructure and make recommendations on ways to maximise its potential benefits to all Australians.

This inquiry is looking at the role that smart infrastructure can play in the transport, communications, energy and water sectors.

I am looking forward to receiving advice on the ways smart infrastructure can lift productivity, enhance service delivery, reduce congestion, make infrastructure greener, and improve safety.

Workforce planning and skills

A further industry reform area being facilitated in partnership by governments concerns national workforce planning and skills. For too long the human capital aspects of the productivity agenda have been ignored by government.

The industry faces critical workforce issues—an ageing, male dominated workforce with emerging shortages in critical skilled occupations.

The ATC has endorsed a strategic action plan to encourage stronger collaboration between all levels of government and industry and to help address workforce planning and skills needs in the transport and logistics industry.

The Government has agreed to provide $120,000 to support the expansion of the ‘Women Moving Forward’ mentoring program, which provides a mentorship-based personal and professional development program for 200 places nationally to improve career development opportunities for women in the transport and logistics industry.

Conclusion

As the world emerges from the global financial crisis, the government’s reforms will position Australian industry to increase its competitiveness internationally.

The contribution that transport and logistics can play in that process will be strongly influenced by the level of partnership and cooperation that you, as industry members, can achieve both amongst yourselves and with government.

It is important that the ALC provides strong leadership within the transport and logistics industry to work with government.

In doing so, you will be contributing to a sustainable and productive future for our nation.
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A biodegradable packaging product completely focused on the end user is now becoming more and more popular in Australia.

And what is the product? Brown recyclable paper.

Ranpak’s paper packaging padding and void fill systems are now a proven best solution, designed to give protection in transit, and a no fuss, no mess opening at the destination.

The products—one a void fill system called FillPak, and the other a protection system called PadPak—are available from Ranpak’s Australian distributor, Signet. Signet is now helping more and more customers implement the system into their warehouses, with great results.

BMW successfully implemented the system at many of its sites across Germany and Sweden, whilst Coles Liquorland, Bio-Rad and Autonexus are just some of the users in Australia.

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Australia’s freight industry is often described as one of the most heavily regulated or over-regulated freight industries in the world, and of any industry in Australia.

Regulation is one of the four levers government can pull or use to provide a framework for an effective market. The other three are land use planning, pricing mechanisms and investment.

Historically, freight regulation in Australia has been established on three parameters:

» mode—i.e. road, rail, sea, air
» geography—states and federal
» purpose—safety, economic, environmental, competition.

While all seem justifiable in their own right, especially to the individual minister, bureaucrat or agency seeking to introduce it, it has resulted in a proliferation over time of endless regulations that instead of providing a framework or set of rules that enhance market effectiveness and productivity, strangle it, or worse in certain cases, drive outcomes, often not anticipated, that then require further regulatory intervention to ‘fix’.

As a national port and freight rail operator, this is the world, the set of rules in which we operate.

But we are certainly not alone, either as an industry or a nation. Most jurisdictions and countries have travelled this path. Other industries in Australia have similarly followed this course. So how can we learn from their journeys and fast track the reform process we now accept that we have to undertake?

Other jurisdictions have recognised the importance of regulation that reflects the changing market place.

I think it is valuable to quickly reflect on the key changes in the freight market in Australia. They include:

» globalisation: there is now much greater movement of goods, both in raw and finished form, globally, than at any time in history;
» consolidation of players: there are higher levels of concentration in most sectors in Australia, with a typical market model now of two major players and a small number of niche players;
» economies and scale and scope: with Australia’s disperse population and relatively small market size, economies of scale and scope have been critical to survival of major players, especially those that compete globally and not just within the Australian market;
» innovation and increased use of technology: truck design in particular has seen considerable innovation and advancement over the last 20 years, increasing capacity and efficiency;
» increased recognition of social costs caused by business activity, and attempts to internalise those costs, ensuring those that cause the social cost carry a greater burden in paying for the remediation or mitigation of those social costs;
» greater recognition of industry participants on the collective benefits of standardisation, which has resulted in the establishment of such self-regulating tools as the Rail Rule Book, the RSSB standards, and the Trucking Codes;
» and, most importantly, the change in thinking within organisations from functional silos to supply and value chains, that often straddle nations, state borders, transport modes and manufacturing.

In Australia, there has been recognition in the last few years that the regulatory framework needs to be changed and simplified to better encourage/support and guide the new market dynamics.

In Australia, progress has been made, mostly in other sectors, to harmonise or reduce regulation and align them more
effectively with other levers of government to achieve broader policy goals.

But the majority of reform to date within the transport sector has been within one mode and within one purpose. Further, those introduced with national jurisdiction have failed or slowed in implementation through the COAG process.

Let’s look at some OECD countries and their economic regulation models.

Germany is probably the most broad in its economic regulation, with one entity primarily responsible for economic regulation of all main infrastructure industries. Sweden, Holland and Canada all have a transport sector economic regulator. The US has the Surface Transportation Board. The STB serves as both an adjudicatory and a regulatory body. The agency has jurisdiction over:

» railroad rate and service issues;
» rail restructuring transactions including mergers, line sales, line construction, and line abandonments;
» certain trucking company, moving van, and non-contiguous ocean shipping company rate matters; and
» rates and services of certain pipelines not regulated by the Federal Energy Regulatory Commission.

The ACCC has a broad economic regulatory role in Australia however it has limited jurisdiction and thus national operators, such as Pacific National, are required to comply with both state and federal regimes. In rail, that means six economic regulators. In ports, it also means six state-based regulators plus onerous legislation such as the Maritime Amendment Act recently introduced in NSW giving the Ports Minister almost unfettered power to set operational and pricing levels on stevedores. These direct interventions into one element of a supply chain can drive distortions and inefficiencies along the chain that are a multiple of the perceived gain from that initial intervention, and a huge step backwards.

So what can we learn from these other transport models in other jurisdictions?

Firstly, there has been a movement away from ministerial powers in favour of independent regulators. We have seen this in rail in Australia, albeit we still have too many independent regulators using different regimes within narrow jurisdictions and heavy political influence.

And we are certainly concerned about the trend in container ports, which currently appears to be heading in the opposite direction.

Secondly, there has been a movement towards transport sector economic regulators, rather than mode specific, which would incorporate nodes in the supply chain such as terminals and ports as well as simply the multiple transport modes that link those nodes. Such a model would enable broader implications of regulatory decisions, facilitate information flow, establish competitive neutrality between modes, and reduce monitoring costs.

If it is accepted that more freight on rail on shorter corridors would deliver on safety, environmental and congestion objectives, then why is rail not part of the discussion when considering where the B-triple routes should be established and what mass-distance-location charge those B-triples should pay for the social cost as well as actual costs associated with those increased movements?

Absolutely, B-triples can demonstrate environmental, safety and efficiency benefits over B-doubles or smaller trucks, but a train on a separate alignment may be an even better outcome on those measures in many cases, especially if we can introduce true competitive neutrality on infrastructure access. Those conversations and considerations are often not had due to the limited jurisdictions and scope of the parties charged with the task.

Thirdly, from the OECD models, we can see there is a movement towards establishing efficient processes for tackling access and dispute resolution, and again we have seen some progress in this area in Australia, particularly in rail.

We can also learn from our own energy reforms here in Australia.

Similar to transport, the introduction of the NCP led to the establishment of mostly state-based entities in the gas and electricity sectors, supported by two national industry-specific regimes—one for gas and one for electricity—overseen by jurisdictional regulators. The National Electricity Code and National Gas Codes were drafted in quite prescriptive manners to set out the framework for access arrangements to be developed between access seekers and the infrastructure provider.

To provide the legislative support for these two codes, the
National Electricity Law and National Gas Law were developed and enacted—in each state jurisdiction. Transmission regulation was accorded to the ACCC nationally while state-based jurisdictional regulators were responsible for distribution and retail regulation.

Sound familiar?

So while NCP reforms drove considerable economic benefits to the country and consumers, it created complexity and cost for players in the sector. So ten years ago in 2000, COAG said, ‘enough’, and began the review of another phase of reform. As a result of that review, and much negotiation with states, the energy sector now enjoys relative simplicity and a model that most players in the sector say works, and I think almost all would say works better than the previous model.

There are now two entities:

The AEMC—the Australian Energy Market Commission—is the rule-making body, responsible for the rules used for regulation of both gas and electricity. This entity, separate from the regulator of the rules, provides certainty and stability to the rules nationally whilst maintaining the flexibility for the rules to evolve as circumstances change.

The AER—the Australian Energy Regulator—is the national energy market regulator. Its role is to apply the rules developed by the AEMC.

There will be some quick to tell me why this is not a valid comparison but there are clear lessons we can learn at the macro level. This model provides simplicity, clarity, flexibility, equity, and an industry focus. All lessons we can and must adopt for transport regulatory reform.

We must start to look at economic regulation consistently across state boundaries and across modes.

**Safety regulation**

When we look at safety regulation and which models work, the obvious comparison is between Australia and Europe. In Australia, to drive a train across Australia from Perth to Brisbane, a national rail operator must comply with nine safety regulatory regimes. In Europe, that train can travel across more than 23 countries within one rail safety regime. Again, in the US, a population of 250 million is protected by one rail safety regime, while we have three times as many safety regimes as national rail operators.

As the minister and others today have said, we are moving to national safety regulators in Australia for the heavy road vehicles, rail and maritime safety sectors. They must be implemented sooner than July 2013, and they must utilise the hard work already done, such as the much-debated National Rail Safety Bill. These national agencies must not allow gaming by infrastructure owners or state based agencies, introducing ‘work arounds’ to the national model or adding new layers that counter the benefits that will be achieved under the national model.

And should we move straight to a National Transport Safety Regulator? One of the major issues for safety in the transport sector is when the rail and road industries collide, literally. A set of rules and enforcement thereof that clearly has coverage in that most unfortunate, and too frequent, occurrence must be considered. At a minimum, at establishment the two must be closely aligned and complementary recognising the interaction between the two modes; for almost every train movement in the non-bulk sector, there is a road movement, and too many major rail incidents are as a result of the actions of a truck driver.

**Environmental regulation**

When we look at environmental regulation, we only have to look at the proliferation of environmental regulations already in place, and growing annually, to see that reform is desperately needed. It is often quoted but worth repeating that there are currently 151 pieces of legislation and 56 pieces of quasi-legislation across nine jurisdictions relating to the rail industry in Australia. This regulatory burden creates complexity and cost, and often confusion when they contradict each other. It stifles innovation and competition as too often opportunities fall into the ‘too hard’ basket before they ever get off the ground.

We have not even started tackling this one.

The purpose of regulation is to provide a framework within which market forces operate to achieve the outcomes in the best interests of the nation and its people.

There are key lessons we can learn from other jurisdictions and industry sectors:

» start broad—what are we trying to achieve at a macro level?
» recognise the freight flows, not the lines on the map;
understand the competitive opportunities—road versus rail versus sea—and foster them through competitive neutrality;
» keep it simple;
» provide certainty and flexibility to industry participants to encourage investment and innovation.

The regulatory framework must be established holistically, with all objectives in mind, as well as the application of the other government levers such as investment and pricing. While this is much harder to do, because it requires the engagement of multiple stakeholders, it will result in a much more effective framework for the long-term.

There are natural tensions between regulations of these various areas that must be recognised in their formation.

Clearly, our safety record will be at its highest and our emissions at their lowest if we move less freight—fewer trucks and fewer trains.

However, that is clearly not practical in a country where the freight task is growing well ahead of GDP. So motivating and rewarding safety regulators to introduce more and more regulations that aim to improve safety objectives but reduce economic and supply chain productivity has ramifications.

While safety is and must always be paramount, we must work to find ways to increase safety within a framework that recognises the impacts on other policy objectives.

We have seen numerous examples of this, further exacerbated when this new regulation is only introduced in one state, often as the result of an indirectly related incident that attracted much political attention, such as Waterfall in NSW. So what is ‘safe’ in one state is not ‘safe’ when you cross an invisible line on a map.

And the people who have responsibility for driving economic efficiency and equity are not even involved in the determination of those new safety regulations.

With complete separation of both rule setting and enforcement of those rules, this is not only not surprising, but also inevitable.

Once established holistically, with national supply chain focus and broader policy recognition, the enforcement of the regulations can and should be managed by those with expertise to ensure it is being both effective (i.e. delivering the outcomes outlined in the overall framework) and efficient (i.e. lean for both compliance for companies and monitoring by agencies).

With the development of the National Freight Network Plan and National Ports Strategies underway, we have a unique opportunity and an excellent forum and mechanism for Australia to leapfrog our OECD peers, learn from other sectors in Australia, and set a target of a national, holistic, regulatory framework across:

» all modes and nodes of freight transport;
» all state boundaries;
» all areas of regulation within a reasonable time frame.

Not one rule, not the lowest common denominator, but one set of rules that support and complement each other.

While perhaps a naively aspirational goal in some people’s eyes, others have done it. Why can’t we? I think most in the transport industry are ready to work with the relevant agencies to take the bold steps required.

We can inch forward, tiptoe through the politics and be dragged back by the poor decisions of the past, or we can take on the challenge now, to set us up for the future. The freight task is growing too quickly for the current model, or even incremental improvements to it, to cope with. Let’s build on the momentum and leadership the Federal Government has provided. Let’s harness the enthusiasm of the ALC and others. We really have no choice but to get this right now.
The objective of the UN Sanctions is “to apply pressure on a State or entity to comply with the objectives set by the Security Council without resorting to the use of force”\(^1\).

Australian freight forwarders may be caught if they issue a house bill of lading in respect of sanctions-designated goods for export to one of the specified countries. Importantly, the prohibitions apply whether the immediate or final destination is one of these countries, which may be difficult to determine prior to export.

Amongst the measures imposed are prohibitions on the export (without appropriate permits) of “paramilitary equipment” to Sierra Leone, “arms or related matériel” to countries including Afghanistan, Liberia, the Democratic Republic of the Congo, Sudan, Cote d’Ivoire, Lebanon, Eritrea and North Korea and “luxury goods” (which include items such as wine, tobacco, perfumes and sports equipment) to North Korea. The sanctions also apply to certain imports, including prohibitions on the transfer of Iraqi cultural property.

Whilst the obvious target in terms of imposing penalties for the breach of the Act would likely be the suppliers/exporters, the legislation is drafted widely enough that the forwarder could also face a substantial fine. For a body corporate, the current penalty is a fine which is the greater of AUD 1,100,000 or three times the transaction value (if this can be determined). For a body corporate the offence is one of strict liability (meaning that it will not be necessary to prove that the company intended to commit the offence). However, the company will have a defence if it can prove that it took reasonable precautions and exercised due diligence to avoid committing an offence.

Whether a company has taken precautions and exercised due diligence will likely depend on the particular circumstances, with regard to inquiries a reasonable person would have made based on information contained in, for example, a Shipper’s Letter of Instruction. A company will likely need to show that it made proper inquiries of their customers to determine whether the transaction involved goods that are the subject of sanctions, or transport to, from or through a sanctions-affected country. In circumstances where permits have been granted, companies may also need to establish that they took precautions to verify the legitimacy of the permit, and to confirm that the nature and destination of the goods comply with the terms of the permit.

With any penalty regime, good knowledge of your customers and their activities should reduce the likelihood of a breach occurring.

\(^1\) [http://www.un.org/sc/committees/].

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At the ALC Annual Forum, ‘Driving a Seamless Supply Chain’ in Sydney this year, Paul McClintock, AO Chairman of the COAG Reform Council noted the importance of the logistics industry and supply chain to the nation and acknowledged that government struggles to develop and implement well-coordinated policy to assist and strengthen this industry.

In his address to conference delegates, Mr McClintock outlined the program of reform and harmonisation driven by the Council of Australian Governments.

“The national partnership I am focused on in these remarks is, of course, only a part of a much larger framework now governing Commonwealth and state financial arrangements. I believe the governments of Australia, and particularly the Federal Government, deserve credit for the boldness of this new system, which transforms the federal system.”

“Our report on the seamless economy was the first independent evaluation of whether milestones in this far-reaching national partnership have been achieved in this critical part of COAG’s reform agenda aimed at driving productivity growth. Transport and infrastructure reform is a key part of the seamless national economy agreement and all nine governments have committed to transport and infrastructure reforms to boost the long-term productivity of Australia’s economy through effective regulation of our road, rail and sea transport systems; improved access to Australia’s infrastructure facilities; and harmonising the safety regulation of our transport networks.

“In the report, the council has expressed concern to COAG that there appears to be a significant loss of momentum in the key competition reform areas of infrastructure and transport. The council made a recommendation for COAG to reinvigorate this agenda, and I am pleased that COAG has accepted this recommendation—and indeed all four of our recommendations—very swiftly.

“It is rather significant that all governments have agreed to the council’s recommendations out of session and in full!”

Mr McClintock went on to outline the agreement and background information on the report.

“The National Partnership Agreement to Deliver a Seamless National Economy is designed to contribute to the following outcomes:

- to create a seamless national economy, and reduce costs incurred by business in complying with unnecessary and inconsistent regulation across jurisdictions;
- to enhance Australia’s longer-term growth, improving workforce participation and overall labour mobility; and
- to expand Australia’s productive capacity over the medium-term through competition reform, to enable stronger economic growth.

“Our role in reporting to COAG—and reporting publicly—on the performance of the nine governments is important to driving ongoing reform.”

Mr McClintock referred to former Prime Minister Kevin Rudd’s goal of increasing annual productivity growth to the two per cent per year levels achieved in the 1990s, highlighting that Australia has reaped the benefits of the high productivity growth that flowed from the microeconomic reforms in the 1980s and 1990s.

“The Organisation for Economic Cooperation and Development has reported that regulatory reform has contributed significantly to Australia’s economic success, noting that the product market liberalisation conducted under the National Competition Policy framework reduced barriers to entry, increased competition and contributed to an impressive surge in productivity.
“Governments took some important lessons from this heyday of reform, including the value of incentive payments to drive reforms (just as they did for the National Competition Policy), and the importance of having a broad reform agenda to use the general benefits of overall productivity and economic growth to offset the costs borne by specific sectors.”

Mr McClintock said these lessons are the reason why there is a COAG Reform Council.

“There is a broad reform agenda contained within the national partnership, and there are reward payments in the later years that are tied to the achievement of a significant set of reforms.

“Reward payments are not linked to the achievement of the competition reforms, however, of which the transport and infrastructure streams are a part. For that reason it is important for interested stakeholders to carefully follow the rate of progress in this work and to encourage governments to deliver on reform. I also note that the Business Council of Australia has identified this as an issue, and has suggested that governments should consider linking new reward payments to the competition reforms.”

He said the Productivity Commission highlighted the benefits of reform in its 2007 report on the Potential Benefits of the then National Reform Agenda.

“The commission estimated that competition and regulatory reform could increase GDP by two per cent, raise household income by more than $400 per person, and raise the funds available to governments by about $5 billion.

“Since then, the global economic downturn has only emphasised the importance of ongoing reform.”

Mr McClintock said Australia’s recent recovery from the downturn, combined with the longer-term challenges we face, such as estimated reductions in workforce participation and increasing pressure on infrastructure, should ensure that our governments remain focussed on this important agenda.

“Going back to what I said about the importance of a broad reform agenda, it is important to see the Seamless National Economy Agreement as a package of reforms, not individual reform streams.

“While delay in achieving some milestones or in some reforms now may seem insignificant to some, if this delay continues—or worse, if it builds across multiple reforms—problems will arise in achieving reforms in the five year life of the Seamless National Economy Agreement.

“So in essence, our recent report is a valuable early warning for COAG where we believe political focus needs to be stepped up—in some cases because certain reforms are struggling,” Mr McClintock said.

**The report**

The report released on 23 February 2010 assessed the performance of governments against 2008–09 milestones for the 36 areas of reform. The 36 areas of reform to be achieved in the five years of the National Partnership include:

- 27 deregulation priorities [as listed in Figure 1];
- eight competition reforms;
- and the 36th stream comprises ongoing efforts to reform processes for the making and review of regulation.

The report captures progress against the 2008–09 milestones up to a reporting cut-off date of 30 September 2009.

The following are some recent reform developments where these are relevant to understanding our progress assessment as at 30 September last year.

**Assessment schema**

Mr McClintock told the delegates that the progress of milestones was measured against completeness, timeliness and impact on the ability of governments to meet future milestones—and the ultimate reform.

He outlined the use of tables as a visual representation of the
council's assessment for progress against individual milestones.

The tables use a green-amber-red representation, with green indicating that a milestone has been completed on time, red indicating a milestone has not been completed, and amber indicating areas where the reform is late with a good chance it can be completed.

**Findings – deregulation priorities**

“Overall, the council found that governments have made good or satisfactory progress against milestones for 18 of the 27 deregulation priorities,” said Mr McClintock, highlighting the assessments presented in Figure 1.

He also pointed out that there are significant risks to future milestones for five of the 27 deregulation priorities (indicated in red) and five reform streams where there has been some slippage (those rated amber).

“Based on both our progress assessment and risk assessment, we’ve recommended to COAG that there are seven deregulation priorities that require COAG’s closest attention, as listed here: environmental assessment; development assessment; construction code; chemicals and plastics; food regulation; maritime safety and director’s liability.”

**Maritime safety**

Mr McClintock told delegates that maritime safety is about improving safety and reducing the costs and burden of maritime safety regulation through the establishment of a national regulator for all commercial vessels.

“There have been several attempts at harmonisation of maritime safety regulation over the years. On 26 March 2008, COAG agreed to the 27 deregulation priorities including maritime safety, and asked the Australian Transport Council to consider and report back on implementation of a single national approach to maritime safety regulation for commercial vessels.

“The key milestone for this reform was for all jurisdictions—via the Australian Transport Council—to report to COAG on the outcome of a regulatory impact statement process and a proposed way forward, addressing financial implications and timing for legislation.” Mr McClintock said this was intended as an interim milestone toward the signing of an intergovernmental agreement by early 2010.

“We assessed this milestone as partially completed on the basis that, while COAG agreed on 2 July 2009 that the Australian Maritime Safety Authority will become the sole regulator of commercial vessels in Australian waters, the Australian Transport Council’s report to COAG and the regulatory impact statement that informed this decision was not made public during the reporting period. It was consequently unclear whether key matters, such as financial implications and legislative timing, were addressed.”

Mr McClintock said that notwithstanding these concerns, further progress has been made since 30 September and there remains scope for an intergovernmental agreement to be signed in 2010. “We hope that this will be a late finisher, but will get over the line—it looks better now than six months ago. But I would recommend keeping an eye on it.”

**The good news**

Mr McClintock said there is considerable good news on the deregulation priorities, with 2008-09 milestones being met across a number of major reforms.

“There has been good progress on occupational health and safety reforms. This is a keynote reform under the National Partnership, of considerable interest to business and industry.

“There is also good progress across the range of consumer and small business reforms, including the development of the national consumer law and product safety system, and the consumer credit regulation reforms.”

He also noted that a number of reform streams, aimed at harmonising registration and licensing arrangements for occupations and businesses, remain on track.

**Findings – competition reforms**

Mr McClintock moved on to competition reforms, highlighting their particular relevant to transport and infrastructure stakeholders (Figure 2).

“Unfortunately, progress here has not been as positive. You can see from the assessment table that we found that governments made good or satisfactory progress against milestones for only four of the eight competition reforms.”
He said governments failed to meet milestones, or there are significant risks to future milestones, for the other four competition reforms.

“While the road reform plan is rated red, because the single milestone was not met, our report also found that there was a good chance that this reform stream could be brought back on track relatively easily.”

Mr McClintock told delegates that the main problem areas are infrastructure and transport policy, and said that these reforms are more complicated.

**Infrastructure and transport**

Mr McClintock said that council has expressed concern to COAG that there appears to be a significant loss of momentum in these key competition reform areas of infrastructure and transport.

“To start with we found that there was a lack of specificity in the outputs and milestones in the implementation plan agreed by COAG for these key competition reform areas.

“The infrastructure reforms comprise ongoing implementation of the 2006 Competition and Infrastructure Reform Agreement. There has also been limited progress toward the certification of state and territory access regimes. More will be said on this in the council’s next report on the National Partnership.”

**Ports**

Mr McClintock said that COAG has this year looked at reforms to the regulation of ports.

“The key 2008–09 milestone was for jurisdictions to implement recommendations from their reviews of significant ports by early 2009. There has been variable progress on the implementation of port regulation reforms, with Western Australia’s review not released by 30 September and Queensland’s review not clearly in line with COAG’s principles. Western Australia’s review has since been released.”

However, Mr McClintock said there has been good progress in Victoria and South Australia and implementation of reforms is underway in New South Wales and the Northern Territory.

“The council found that milestones for this reform are unclear and the implementation plan does not include all the commitments made by governments under the Competition and Infrastructure Reform Agreement.”

**Transport**

Mr McClintock outlined the four output areas dealt with by the transport policy reform stream: uniform regulation of rail safety, heavy vehicles and maritime safety; and the acceleration of existing work on urban congestion.

“The single, somewhat unambitious 2008-09 milestone for this reform—for milestones to be developed—was not completed as at 30 September 2009.

“The council found that the lack of an agreed national transport policy puts the achievement of wide-ranging transport reforms at risk.”

**Road reform plan**

Mr McClintock said the continued implementation of a three-phase road reform plan designed to improve price signals for road freight infrastructure providers will better position Australia to meet forecast growth in the national freight task.

“In the long-term, the reform can be expected to deliver economic benefits by improving the efficiency of road use for freight purposes.

Mr McClintock said Phase I is largely complete, and involved two key elements:

- a new heavy vehicle charging regime to deliver full cost recovery, remove cross subsidies between heavy vehicle classes and improve the annual adjustment process for the charges in order to maintain their relationship with road infrastructure costs; and
- a number of research projects on ‘externalities’ and road vehicle use and costs, community service obligations and ‘incremental pricing’ for higher mass and other innovative vehicles.

**“IN THE LONG-TERM, THE REFORM CAN BE EXPECTED TO DELIVER ECONOMIC BENEFITS BY IMPROVING THE EFFICIENCY OF ROAD USE FOR FREIGHT PURPOSES.”**

Phase II is to be implemented in 2009-10 and involves further research and examination of the policy issues:

- options for incremental pricing in the context of any overall pricing work under the road reform plan;
- more closely aligning road freight revenue to investment in roads;
- an ongoing review of regulations relating to heavy vehicle pricing.
“Phase III covers 2011-14 and builds on the previous phases, also including a feasibility study of a ‘mass-distance-location’ based charging system for road use.

“The single milestone under the National Partnership for this reform was for milestones to be developed for the second phase of the road reform plan. As at 30 September 2009, COAG had agreed to start the next phase of the road reform plan but had not agreed on milestones or a work program.”

Mr McClintock added that the overall progress assessment is ‘red’ because the council’s assessment is based on events that occurred up to 30 September 2009. However, some progress has been made since 30 September.

“On 7 December 2009, COAG agreed to a detailed work plan for Phase II of the COAG road reform plan leading to the completion of a feasibility study for alternative models of road pricing and funding by December 2011.

“So, overall we’ve made a particular recommendation that COAG needs to reassess its agenda in the areas of infrastructure and transport, with a view to reinvigorating its competition reform agenda and establishing a more coherent set of outputs and milestones in the implementation plan.”

Recommendations

Mr McClintock told delegates that four recommendations were made to COAG, all of which have been accepted.

“We asked COAG to note our progress and risk assessment findings and to consider any necessary steps to improve performance, particularly in the seven deregulation priorities and four competition reform areas. We made particular recommendations about energy, and transport and infrastructure.

“We also made an important recommendation about some improvements that could be made to the implementation plan.

“The implementation plan is an important tool for COAG to drive governments to deliver on these reforms. It needs to be clear about what COAG wants to achieve and set out the interim steps to those achievements. We’ve seen some early steps from governments on doing this, particularly in regard to the 27 deregulation priorities. We hope that effort is soon extended to the eight competition reforms and the processes for making and reviewing regulation.”

Conclusions

“The new federal financial framework—and the COAG Reform Council’s accountability role within that—is an opportunity for all of us to drive innovation and reform.

“We are pleased that governments are taking our findings and recommendations seriously, and we are also pleased that the media and interested stakeholders are picking up our report and focusing public attention on the reforms. It is critical that governments respond positively to our reports and take their accountability to COAG and the community seriously.

“On the strength of COAG’s response to our report, I expect that we will see some further progress on these reforms at the next COAG meeting.”

Mr McClintock added that the second report on the Seamless National Economy, covering the milestones to be achieved in 2009–10, will be released in just under 12 months.

“COAG agreed (on 7 December 2009) to the Capital Cities taskforce recommendations and established a series of new commonwealth/state arrangements to reform Australia’s capital cities strategic planning systems.

“The objective is to ensure that Australian cities are globally competitive, productive, sustainable, liveable and socially inclusive and are well placed to meet future challenges and growth.”

The council has been asked to provide COAG with assessments during 2010 and 2011.

“Together with our reports on the other national agreements, it’s a busy year ahead, but we look forward to continuing our work assessing the performance of governments in achieving milestones under COAG’s reform agenda, and making the results public.

“The council firmly believes that by increasing the transparency and accountability of the system, and by building political and community interest in the results, we will ultimately drive better performance from all governments.”
Thermo King, global leader in transport temperature control solutions

In the summer of 1938, on a Minnesota golf course, a challenge was laid down. One of the players, a trucking business owner, loudly lamented the loss of a whole trailer load of fresh chickens when the truck broke down on the road and the packing ice all melted.

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At the ALC Annual Forum, ‘Driving a Seamless Supply Chain’ in Sydney this year, Nick Dimopoulos, Chief Executive of the National Transport Commission congratulated the Australian Logistics Council on its contribution to the national debate on transport and logistics.

In his address to the delegates, Mr Dimopoulos highlighted the importance of transport to the productivity debate, outlined a long-term vision for the transport industry, and demonstrated how a number of current reforms will give effect and underpin the long-term vision.

“Australia is facing economic and social challenges that will affect the prosperity of our nation,” said Mr Dimopoulos. “Improving productivity will be the key problem for us to solve as a nation.”

He went on to highlight that two thirds of our nation’s gross domestic product is generated by productivity. With 65 per cent of GDP coming from our nation’s capital cities, and 88 per cent of Australians living in urban areas, improving productivity is highly dependent on the efficient movement of goods and people.

**Productivity**

“Over the last 10 years, Australia has experienced unprecedented economic growth, but productivity has slowed; Australia’s productivity growth has averaged almost zero over the last five years,” said Mr Dimopoulos.

“We need to target reform to sectors of the economy that will deliver the greatest productivity growth. The Productivity Commission report shows that improving the efficiency of energy and transport infrastructure could increase GDP by nearly two per cent. The transport industry is integral to lifting the productivity and supporting the growth of the whole economy.”

**National challenges**

Mr Dimopoulos highlighted a number of other policy challenges that the nation will have to overcome in order to grow productivity, starting with urban mobility and congestion.

Mr Dimopoulos spoke about Australia’s projected population increase from around 22 million today to 36 million in 2050, highlighting that the majority of this growth will happen in major capital cities.

“Urban congestion affects the ability of Australians to live and work in cities and hampers the efficient movement of freight and people and, hence, productivity.”

“Congestion is already a $12 billion deadweight loss to the economy, and a problem that is expected to double and even triple over the next 10 years if nothing is done.

“This is time lost delivering goods to shops or in and out of ports, and time spent coming to and from work sitting in traffic gridlock or waiting on train platforms. As little as 14 per cent of Australians use public transport—that means lots of cars on roads.”

Energy and environmental sustainability, specifically the escalation of global warming and climate change, was also put forth as an issue that needs to be resolved in the process of increasing productivity globally.

“Transport is one of the biggest emitters (14 per cent) in the economy and is one of the fastest growing contributors—the transport industry is 97 per cent reliant on oil,” he said.

“But look 40 years ahead—oil use is only going to increase as there are more cars and trucks on the road, but oil production is predicted to drop from the current 85 million barrels per day to around 55 million barrels per day in 10 years’ time. Yet demand for oil in 10 years’ time is expected to exceed 100 million barrels per day.”
Mr Dimopolous said that Australia is currently self-sufficient for around 50 per cent of its oil needs, but by 2030 that is expected to drop to 20 per cent.

“One of the other major challenges we face is driving improvements in safety outcomes. 1,600 people die a year on Australia's roads—over 1,700 across the entire transport industry.”

“In the last 12 months, around 200 people have died in heavy vehicle accidents. This is unacceptable and it needs to stop. The road toll not only impacts thousands of Australian families and communities, it costs around $18 billion to the economy.”

Whilst these are the challenges the nation is aware of at present, the future could bring many more unknowns.

“To reform the transport industry we need to have a vision of what we all want our industry to look, function and feel like in 20 or 50 years’ time.”

Long-term vision for transport industry

Mr Dimopoulos outlined the National Transport Commission’s vision for the transport industry.

“There have been many achievements by governments and transport ministers in recent years to make structural changes to transport and the broader economy,”

He outlined to attendees the positive steps that have been taken to lay the foundations for the coming decades, and spoke about the establishment of Infrastructure Australia to provide a transparent framework for national infrastructure investment. Mr Dimopoulos also flagged the establishment of the Building Australia Fund to fund critical national infrastructure and the endorsement by ATC and COAG of the establishment of single national regulators for heavy vehicles, rail safety and maritime as important steps for Australia’s T & L industry.

“I would like to see a truly national transport industry,” he said. “A transport industry that is able to operate across borders under one single set of laws. Transport operators, road or rail, who don’t have to swap radios, use a different fatigue hours regime or de-couple their trailers at border crossings. A ‘national’ network of roads, rail networks, ports and shipping lanes.”

“I would also like to see a transport system that is fully integrated. Establishing national regulators for heavy vehicle, rail safety and maritime are monumental steps for which governments and industry should be congratulated.

“They are going to be the building block for future national reforms, but I don’t see that we should stop there. When governments and industry have successfully transitioned to and bedded down the national regulators we should consider the next step towards one single land transport regulator.”

Mr Dimopoulos said this regulator could bring together all land transport modes—road, rail and intermodal transport, and all areas of regulation—economic, environmental and safety.

“One land transport regulator would finally mean that transport decisions were made looking at the whole network,” he said. “It would mean that the right mode would be used for the right job without any price or efficiency distortions.”

Safety is a key concern for ATC, and ‘Vision Zero’ is one of its key plans for improving safety in the transport industry.

“In 50 years there is no reason why we cannot aspire to Vision Zero being a reality for the transport sector. Over several decades, safety in the transport industry has improved, and governments have undertaken significant reforms to drive cultural change, but more needs to be done.”

“In the future, I want to see a transport that has an overriding cultural commitment to safety being the number one priority. I would like all business decisions to take into account safety first—a complete safe systems approach.

“By 2050 I hope that the transport industry will have a level of sophistication to be taking these things into account and living the Vision Zero philosophy.”

Mr Dimopoulos spoke at length about the future of regulation, indicating that a completely self-regulating transport industry is achievable in just 30 years’ time.

“BY 2050 I HOPE THAT THE TRANSPORT INDUSTRY WILL HAVE A LEVEL OF SOPHISTICATION TO BE TAKING THESE THINGS INTO ACCOUNT AND LIVING THE VISION ZERO PHILOSOPHY.”

“I want to see the amount of regulation being simple and no more than necessary to support safety and economic outcomes. We don’t want to have more regulation, but simpler and better regulation. Less is more,” he said.

“Many of the reforms put in place in recent decades have tried to move the industry towards accreditation and a more sophisticated risk management approach in order to reduce the amount of prescriptive regulation needed.
“This is starting to flow through the industry but at this stage it is mostly the bigger end of town that can afford to put in place the kinds of risk management systems that are needed.

“But in 30 years time, it is my vision that all of industry will be there; that the culture of the industry will have changed significantly enough that it can be relied on to self-regulate and appropriately manage risks in their own businesses.”

Mr Dimopoulos highlighted the important role played by the ALC in improving levels of self-regulation in the industry. He said that The Retail Logistics Code of Conduct, an important building block towards self-regulation, has been an enormous achievement and shows what can be achieved when industry works together.

The ATC also aspires to accessible, networked cities, and Mr Dimopoulos told the delegates that there is no reason Australia should not aspire to world leading levels of public transport use.

“I want to see the development of freight strategies and ports strategies go hand in hand with the development of a moving people strategy,” he said. “This would mean an interconnected and integrated system of public transport that was efficient, accessible and timely.”

Building blocks

“What I’ve outlined might sound unrealistic. Transport and logistics has generally lagged behind other parts of the economy in embracing structural and regulatory reform, and public transport networks in our big cities seem to struggle with our current population.

“However, the Australian Transport Council, the NTC and groups like the ALC are already working hard on a number of projects and initiatives that are critical building blocks to improving productivity and reaching the vision for the transport industry.

National regulators

Mr Dimopoulos said that reducing the regulatory burden on transport businesses and industry harmonisation were key to improving the industry’s productivity.

“My vision is that a truck or train driver can move seamlessly from one side or end of this country to the other. That they only have to follow one law, get trained through one system, and get registered only once.

“While the past 20 years have seen significant improvement towards national harmonisation of road and rail laws, the agreement last year to establish single national regulators for road, rail and maritime is an historic achievement for the industry.

“A national law administered by one regulator will cut unnecessary red tape for national and interstate operators,” he said, adding that variations to national law will have to be justified by delivering better productivity.

“The NTC is also working on developing the new rail safety regulation, to be administered by the national rail safety regulator and expected to deliver $56 million worth of productivity benefits.

“It will mean a national safety culture, shared learnings on safety across the country and a reduction in red tape and costly compliance confusion.

Pricing

The NTC is also working on a project to unlock the productivity in roads through pricing. The COAG Road Reform Plan looks at promoting the more efficient, productive and sustainable provision and use of freight infrastructure and ensuring that heavy vehicle road prices encourage this.

“Road pricing reform is about making sure that the money gets invested back into the road network where it is needed. It’s about providing demand signals for which parts of the network need improving or extending. It is about making sure that what heavy vehicles pay goes to the parts of the network that heavy vehicles want to use.

“This is good for industry. It is demand-driven and will provide governments with better information on where the roads need to go or be improved,” he said.

Telematics

Discussing the impact of technology in improving productivity, safety and efficiency of the transport industry was high on Mr Dimopoulos’ wish list.

“The transport industry has not been fast on the uptake of new and improved technologies, but this is changing.

“Modern supply chains are incredibly technologically
sophisticated. One pair of jeans can be tracked from the factory, on a truck, through ports, on ships, and to stores. Trucks are a part of that supply chain and need to help ‘add value’ to this process.

“But technology is not just limited to helping supply chains; technology helps businesses better manage safety and environmental obligations.

“The NTC will shortly release a telematics strategy for consultation with industry and governments. The core principle is that the increased uptake of technology in the transport industry will deliver important productivity, efficiency, safety and environmental improvements.”

According to Mr Dimopoulos, this strategy looks at how governments and industry can work together to ensure that industry has the clarity needed to invest in telematics.

**Higher productivity vehicles**

Along with the telematics strategy the NTC will also release a regulatory impact statement for improvements to the performance-based standards scheme, a system that allows higher productivity vehicles to gain access to the road network.

“This draft RIS recommends that governments agree to move to national assessment and access system utilising the national heavy vehicle law and single heavy vehicle regulator to improve national consistency and certainty of access.

“This RIS will be going out for consultation shortly and we look forward to working with industry to keep the pressure up to make this reform deliver on the ground.”

Mr Dimopoulos told attendees about the recently-released NTC interactive web-based PBS mapping portal, which provides a national view of the road network, and which has allowed operators to increase their productivity by enhancing their ability to plan freight routes and determine quickly where potential ‘last mile’ issues may occur.

**Ports**

The biggest of Australia’s 71 ports are located in our capital cities, and if current growth rates continue, the number of TEU’s (intermodal shipping containers) will require an extra 50 berths by 2045.

Mr Dimopoulos posed the question: “How are we going to move these containers and where are we going to build these berths?”

“Infrastructure Australia and NTC are currently working to develop a strategy that looks at how the land side links of ports can be planned and developed to reduce bottlenecks and congestion around ports.

“These are the building blocks that governments, with industry and unions, need to bring these things to fruition and deliver the on-the-ground outcomes.”

**NTC review**

The NTC is reviewed every six years, and is working with industry and governments to meet the 2050 vision.

Key recommendations that were agreed upon in the last review in December last year were that the NTC:

- play a bigger role in the implementation of reforms to deliver on-the-ground outcomes;
- focus on a list of high-priority projects; and
- become a centre of excellence in transport regulatory and operational reform.

“We are now undertaking the organisational and operational changes we need to make to give effect to these recommendations. These changes will mean that the NTC can rightly focus on making sure the work we do actually delivers the results on the ground.”

Mr Dimopoulos said that the NTC is playing a leading role in three COAG reforms, the national regulators and the pricing reform.

“These are game-changing reforms that need to be done well, thoroughly and right. We are committed to delivering these reforms.

“Looking at the transport industry from the outside you might think—how can we make this industry more productive? Trucks can’t go fast, things can’t zap through the air magically.

“But there is enormous opportunity within transport to drive productivity improvements, and we have now commenced that journey with a number of historical reforms. But governments can’t do this alone—industry needs to do some heavy lifting too.”
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Introduction
Undoubtedly, the ACCC and the industry share some common goals—the ACCC is mandated with enhancing the welfare of Australians through the promotion of vigorous but fair competition and to that end, we want to see efficient transport supply chains and the removal of any blockages.

I wish to address some misconceptions about how competition law works and allay any fears that such laws act as constraints when developing solutions to supply chain efficiency problems.

I’ll also discuss what measures the ACCC has in place to remove other blockages in supply chains and instances where we have authorised anti-competitive arrangements on the basis that the net public benefit outweighs any detriment caused.

A key example is the Hunter Valley authorisation, which I’ll examine in some detail shortly.

Competition law in action
Work undertaken by the National Transport Commission has identified measures that could improve the operation and performance of Australia’s national freight supply chains, focusing on greater coordination and improved information sharing arrangements between supply chain participants.

Yet there is some concern that such activities may breach the Trade Practices Act. I’m sure we’ll find out more as the year continues.

What I can make clear is that the ACCC is willing and able to facilitate industry cooperation to come up with effective solutions to supply chain blockages.

However, in doing so, our fundamental goal will be to ensure that the solutions that are proposed are consistent with the Trade Practices Act.

If parties are interested in coming together to discuss possible solutions, it’s a good idea to have an experienced trade practices lawyer on hand to advise on setting the ground rules for such discussions.

There are serious consequences for breaching the Act, especially those companies and employees found to have engaged in cartel conduct.

From July 24 last year, a criminal cartel offence was introduced, alongside the existing civil prohibition, providing substantial penalties including imprisonment for cartelists.

If potential for a breach exists, but the parties consider that there are offsetting public benefits, then you should come and talk to the ACCC, to determine whether the authorisation or notification process may be appropriate. This will provide immunity from legal action for the anti-competitive conduct.

For example, in matters previously considered by the ACCC,
parties have claimed that greater supply chain coordination provides offsetting efficiency benefits.

The ACCC can then conduct a public consultation, inviting submissions from a range of interested parties about the proposed arrangements.

The ACCC then issues a draft decision and invites further submissions before issuing its final decision within six months.

It’s also worth considering whether, before embarking on an authorisation application, there is some governance arrangement available—such as an independent capacity coordinator—that would deal with concerns about lessening competition but still deliver the desired benefits.

In any case, I cannot stress enough the importance of speaking to the ACCC at an early stage.

Let the recent settlement of court action against Australian Amalgamated Terminals (AAT) be a ‘warning’ to the industry—companies that give effect to cooperative agreements without such authorisation under Part VII of the Act face the very real risk of such agreements being deemed anti-competitive and substantial penalties may follow.

It is not the ACCC’s role to come up with solutions to fix supply chain problems. Instead the ACCC will always be available to examine whether those solutions driven by industry are appropriate under the Act.

In the ACCC’s experience, a cooperative arrangement is more likely to fully address supply chain coordination problems if it involves all key service providers in the chain.

**Hunter Valley coal chain authorisation**

A good case in point is the Hunter Valley coal chain, where the ACCC has worked with industry to facilitate a more effective end-to-end supply chain; and minimise losses through capacity constraints and ship queues.

In the Hunter Valley, multiple parties are involved in facilitating a joint solution up and down the chain, from coal mine to ship.

This includes coal producers, port operators, the Australian Rail Track Corporation, the above-rail operators and the Hunter Valley Coal Chain Coordinator.

The ACCC has been involved both in authorising long-term agreements between the parties for effective logistical management of the chain, and in assessing the terms of access to the rail track infrastructure.

In all cases, the ACCC has made it clear that it considers efficient management of the supply chain as an important factor in any approval.

This is an example of an early approach by industry to the ACCC leading to an efficient solution to an ongoing supply chain problem.

Before 2004, excess demand for coal loading services at the Newcastle port resulted in large vessel queues forming offshore, at times numbering 70 ships.

The capacity of the coal chain has not matched the demand for coal loading services and the result is that Australian coal producers pay significant demurrage charges. The loss, in terms of demurrage, amounted to in excess of $400 million dollars per annum.

The ACCC has been involved, through the authorisations process, in the Hunter Valley since early 2004.

At that stage, the operator of the then only coal loader in Newcastle, Port Waratah Coal Services (PWCS), first sought authorisation for a queue management system (the ‘Capacity Balancing System’), which was designed to address the imbalance between the demand for coal loading services at the Port of Newcastle and the capacity of the Hunter Valley coal chain.

While an interim authorisation was granted for this application in March 2004, an authorised Capacity Balancing System has essentially been in operation at the Port of Newcastle.

The ACCC always considered that these systems were in the public interest as transitional measures only.

The ACCC foreshadowed that infrastructure capacity expansions alone would not solve the problem in the Hunter Valley.

There were a number of underlying structural, regulatory and contractual issues in the coal chain that appeared to be
contributing to the ongoing capacity imbalance.

Firstly, the common user provisions in the PWCS lease with the NSW Government had prevented it from signing long-term contracts.

Secondly, the various operators of the segments of the coal chain had been entering into contracts based on assessments of their own capacity without reference to the capacity of the coal chain as a whole.

As a result, contracts had been written for volumes of coal that the coal chain as a whole could not deliver and significant vessel queues formed offshore.

As the applicants, over several years, sought reauthorisation of various capacity balancing systems, the ACCC became increasingly concerned that the operation of these systems was reducing incentives for the industry to develop and implement long-term strategies to address the capacity constraints.

These concerns also arose at Queensland’s Dalrymple Bay Coal Terminal—so much so that in early 2009 we proposed to deny authorisation of that terminal’s capacity balancing system.

Our concern was that their proposal did not represent a long-term solution to the capacity constraints in the Goonyella coal chain.

The industry later withdrew the application.

Back in the Hunter Valley however, on 9 December last year, the ACCC granted authorisation to PWCS, Newcastle Port Corporation and the Newcastle Coal Infrastructure Group (NCIG—new terminal at the port, planned to begin operating later this year).

The authorisation approved the long-term Capacity Framework Arrangements at the Port of Newcastle until 31 December 2024. These arrangements have allowed producers to sign long-term export contracts with PWCS for the first time, which will underpin future investment decisions to expand capacity.

They have also established a framework which should assist producers to align their contracts with track and rail operators in the Hunter Valley, and have supported centralised modelling of system capacity and monitoring of performance standards, which should prevent excessive vessel queues forming offshore in the new contracting environment.

The ACCC considered that the Capacity Framework Arrangements are likely to generate significant public benefits because they enable coal producers to sign long-term coal export contracts at the port, which establishes a commercial framework to support accurate and timely investment decisions in the Hunter Valley coal chain.

This will ensure that future capacity will be available as the demand for it arises.

**Assessing access undertakings**

Of course, the port terminals are only one part of the end-to-end supply chain in the Hunter Valley.

The ACCC is currently assessing the Australian Rail Track Corporation’s (ARTC) proposed access undertaking under Part IIIA of the Trade Practices Act for the rail network in the Hunter Valley.

This forms a key component of the long-term solution in the Hunter Valley.

In considering this undertaking, the ACCC is looking at the extent to which ARTC’s arrangements work together with those at the port to ensure functioning contractual alignment across the entire coal chain.

In particular, on 10 February the ACCC issued a position paper on ARTC’s access undertaking, setting out its preliminary views on matters other than price.

We’ve made our view clear that an efficient supply chain is in the national interest, and that any track access arrangements must provide for coordination of the supply chain from end-to-end.

Our view is that ARTC must include standard terms in all its contracts with coal producers that allow it and the Hunter Valley Coal Chain Coordinator to manage the track network efficiently, and that we won’t allow ARTC and any individual coal producer to contract out of those terms.

That includes requiring a coal producer who is exporting through the Newcastle ports to have network exit capacity at the ports before track capacity is allocated to it; the rules about how train paths are allocated; management of shortfalls in capacity; trading of capacity; and resumption of unused
capacity that is being hoarded.

We expect ARTC to work closely with the Hunter Valley Coal Chain Coordinator on the use of these provisions.

Of course, the industry has to make the supply chain work. The ACCC will be able to arbitrate if there is ever a dispute.

But the ACCC recognises, and seeks to promote, the role that the Hunter Valley Coal Chain Coordinator, coal producers, above-rail operators, port operators and ARTC itself play in the efficient functioning of the supply chain.

The ACCC aims to facilitate an acceptable outcome to support the necessary infrastructure.

A draft decision is imminent, and we are taking a close look at a range of factors in determining whether the undertaking, as submitted, balances the interests of the parties while providing pricing certainty needed for further investment to address blockages in the supply chain.

Grain

Next, the ACCC has had a role in parts of the supply chain in wheat export facilities.

Our role arose as a part of the removal of AWB’s single-desk for the export of Australian wheat and the desire for competition to be introduced into wheat export and marketing.

However, there was concern that, in liberalising the wheat export market, AWB’s monopoly could be replaced by three ‘regional monopolies’.

These were said to be the three grain port operators that own, respectively, the WA, SA and east coast grain terminals and who are also now accredited wheat exporters.

The concern was that the port terminal operators might discriminate in favour of their own wheat exporting arms—for example, in the allocation of shipping slots, or through discriminatory pricing.

Therefore, accompanying liberalisation of the wheat export markets was a requirement that the port terminal operators have arrangements for other wheat exporters to access their grain ports accepted by the ACCC.

The ACCC worked with the port terminal operators over the course of last year to develop suitable access arrangements.

During this process, the ACCC has been careful to find a balance that addresses the possibility of discriminatory conduct, but leaves the port terminal operators with sufficient operational flexibility to operate the supply chains efficiently.

The arrangements that were accepted by the ACCC have unlocked bottlenecks at grain ports. There are now 28 accredited wheat exporters, at least 15 of whom are currently active. This represents more competition and a greater choice for farmers when selling their wheat.

The ACCC has also allowed a notification from CBH in relation to Grain Express in WA to remain, recognising the public interest in an efficient supply chain for all grains in WA.

Containerised freight (waterside)

Similarly, the ACCC is no stranger to the world of supply chains for containerised freight.

For many years now, the ACCC has consistently raised concerns about the lack of competition between the two stevedores (now owned by Asciano and DP World) and the reduced incentives for the duopoly to respond efficiently to the requirements of their users.

Container stevedoring is a vital part of our export and import supply chains through Australia’s major container ports in Brisbane, Sydney and Melbourne.

These ports account for more than 80 per cent of national container traffic.

Over the last decade, there has been strong growth in the demand for stevedoring services, but as the industry has remained a duopoly, opportunities for new entrants have been rare and unsuccessful.

Last financial year, the two incumbent stevedores achieved rates of return of nearly 18 per cent, more than the average return on assets for ASX200 companies (nine per cent).

Demand for stevedoring services, while flat in 2008-09, is expected to pick up as the domestic economy recovers from the global economic slowdown, and expected growth in container traffic over the next decade provides a good opportunity for Australian stevedoring to become more competitive.
Of course, the more competitive and productive our stevedores are, the more competitive Australian exports are on world markets, and the more resilient our economy is to global shocks.

In its 2006 paper, the Productivity Commission suggested productivity improvements of nearly 10 per cent were possible at Australia’s container ports, a saving of about $160 million in 2005-06 dollar terms.

I am pleased to say that the prospect of competition in each of the three major ports is real with changes ahead to break the decades-long duopoly.

Indeed, allowing a third stevedoring company to compete could potentially slash millions of dollars of Australia’s import and export costs.

At the Port of Brisbane, Hutchison Port Holdings has been appointed to operate two new container berths commencing in 2012.

In December last year, the NSW Government made its long-awaited announcement in which it also appointed Hutchison to operate a third container terminal at Port Botany with operations due to commence around 2012.

For a while now, the spotlight has been on Australia’s largest container port, Melbourne, to make a clear commitment about the role that competition can play in meeting Australia’s future stevedoring needs.

The Victorian Government announced in August 2009 that it would ‘test’ the market for interest in an initial module of additional stevedoring capacity at Webb Dock ahead of 2017.

I note recent media reports that the Victorian Government is expected to make an announcement to bring forward plans to expand capacity at Melbourne’s Webb Dock.

While some recent reports have been prepared to mention potential commencement dates for a third stevedore by the middle of this decade, the ACCC remains hopeful that at some point, sooner rather than later, increased competition will ultimately emerge in Melbourne with the associated benefits right through the supply chain.

State governments and port managers are to be congratulated for taking tough decisions not only in their state’s best interests but also considering the broader national interest.

A growing stevedoring market provides a unique opportunity for a new entrant to establish itself and, through more competition, lift the performance of the whole industry.

I must note that the existing stevedores have been quoted as saying that they welcome competition—but not right now. This should be viewed with some well-honed scepticism.

Containerised freight (landside)

While the prospect of more terminal operators and greater competition is good news for shipping lines and the Australian exporters and importers that rely on them, the New South Wales Independent Pricing and Regulatory Tribunal (IPART) observed that once containers are on the wharf each stevedore effectively becomes a monopoly.

This has the potential to create its own difficulties in the search for supply chain efficiency. A variety of approaches have been adopted to improve landside efficiency at Australia’s major container terminals.

In some ports, such as Melbourne, some landside supply chain efficiencies appear to have been achieved through a cooperative approach.

At other ports, such as Port Botany, cooperative approaches have not been as successful and the NSW Government has implemented a regulatory regime that can impose certain arrangements on supply chains.

I’d like to acknowledge efforts to get the parties together on road and rail land access booking, and we’ve already had early discussions with them.

For example, Sydney Ports Corporation approached the ACCC at an early stage in response to the recommendations of the IPART report in late 2007, enabling useful exchanges and dialogue in relation to proposed initiatives to address truck access improvements at Port Botany.

We welcome the discussions we’ve had with both individual ports and with Ports Australia.

Airports

For high value products that must be moved quickly, express
logistics and air freight services are critical. Australia’s major airports play a pivotal role in providing the infrastructure that supports express air freight.

The ACCC has a role in reporting each year on the performance of Australia’s five major capital city airports. While the emphasis of this analysis is on services for passenger transport, there are implications for the express freight sector whose cargo flies in the bellies of passenger planes—and whose freighters depend on the airports delivering runway and terminal capacity in a timely and efficient way.

There is broad recognition that the major airports have market power. I think the ACCC’s views on what that has meant for services like airport car parking, for example, are well known. In light of ongoing price increases, the ACCC maintains its view that airport car parking prices are consistent with charges reflecting an element of monopoly rent.

Although a number of alternatives to onsite airport car parking have been observed by the ACCC, the airports are in a position to set car parking prices above an efficient level by controlling the conditions of landside access to terminal facilities.

But in relation to freight carried on passenger planes at Sydney Airport, domestic airside services have been declared and the ACCC is able to arbitrate disputes. At other airports, while their prices are not subject to regulation, the government continues to scrutinise the airports’ performance and expects the airports to price, invest and operate efficiently.

It is therefore incumbent upon the airports to deal with their users, including their freight and logistics customers, in a fair and reasonable way.

Failure to do so carries the threat of declaration/arbitration.

Conclusion

The significance of the efficiency of Australia’s transport supply chains for exports and economic growth and prosperity cannot be understated.

The ACCC’s fundamental concern is the interests of a vigorous but fair marketplace, which is in the best interests of consumers and the logistics industry.

Innovative solutions to transport supply chain bottlenecks will invariably involve some coordination and cooperation between industry players and this is not itself a problem if such negotiations are done with the Trade Practices Act in mind.

I encourage seeking the advice of an experienced trade practices solicitor before discussions with the ACCC very early in the process.

Indeed, far from preventing efficient outcomes, the ACCC has itself taken steps against blockages in supply chains—just look at our work with stevedoring.

Once again, I’d like to commend the Australian Logistics Council and the various industry peak bodies—for example, Ports Australia—for their ongoing efforts to identify practical approaches to logistics and supply chain management improvement issues.

Their role in educating and encouraging industry participants to bring about long-term productivity enhancements must be acknowledged.

Finally, let me suggest that competition law, far from putting the brakes on solutions, can in fact help oil the wheels to get vital transport chains working well.
True nation building is about getting the whole of Australia to work together as one nation—not as a series of states. It’s about making Australia’s freight market greater than the sum of its parts.

In his address to the 2010 Australian Logistics Council Forum, Brendan Lyon, Executive Director of Infrastructure Partnerships Australia (IPA), put it plainly, announcing that “The growth in the freight task across Australia is not only a challenge that must be seen in a national context, but the size and significance of the transport and logistics sector demands nothing less than a national solution.” (Figure 1).

Emphasising that the case for focused national leadership in the planning and regulation of freight transport is nothing short of compelling, Mr Lyon predicted that the economic and environmental dividends will be significant, and that the transport and logistics industry has to take on the responsibility of playing a greater role in driving Australia’s economy forward.

IPA has long argued for a united and uniting national freight strategy since its inception in 2005, and emphasises that achieving this will require the appointment of a single body with both the responsibility and authority for planning real world outcomes.

What is needed is a body that will finally deliver clear national leadership and act as the champion for achieving holistic national freight market regulation reforms. Cooperation with the states is obviously essential to achieving a genuinely committed consensus, so this body should be empowered to link future freight infrastructure grants to achieving key reforms across the entire freight market.

It has worked before; linking financial incentive to tough productivity-based reforms served the nation well under the national competition policies framework, and there is no reason why Australia cannot embrace tough reform once more.

But ‘tough reform’ means both addressing the tough questions and following through.

As valid as demand shaping infrastructure may be, there is also a lot of tinkering at the edges of the problem, so that it might ‘appear’ better, with the fundamentals being deftly avoided once again. According to Mr Lyon, “There will need to be substantial and sustained investment in major infrastructure projects, linked in with a cohesive national freight strategy. An accelerated and enlarged role for the federal government will be absolutely critical.”

The fact is that a lot of countries we might have thought we compared pretty well against are in fact doing it better than we are. Mr Lyon presented a photo of a shiny new postal freight train being operated on France’s TGV network, operating at speeds of 270kph (Figure 2). TGV is now looking at expanding the role of general freight across the high-speed rail network.

In Australia, we run the very real risk of running right at the back of the field in the ‘visionary’ stakes, and well and truly losing the race for genuinely visionary thinking about the transformation of Australia’s freight infrastructure. Years of
underinvestment by all levels of government requires urgent and well-considered redress.

The focus of the IPA is on developing industry policy across the entire infrastructure sector. As the nation’s peak infrastructure industry association, IPA represents over 150 of the nation’s leading public and private sector chief executives. A key objective is to elevate the public policy debate to thoroughly and extensively canvass the options and advocate solutions. One of the tasks is to strip off the ‘national blinkers’ and look beyond immediate political expediency to achieve real world change in attitudes, policy, and on the ground. IPA has to change the national mindset and generate genuine engagement by many stakeholders for the task ahead.

In transport, IPA has a multi-modal approach looking at both the freight and passenger tasks. Recent work has included:

- The landmark paper, Meeting the 2050 Freight Challenge, which modelled future freight growth to the middle of the century, as well as work around a network-based tolling system on Sydney’s motorways
- a major paper on improving transport governance and planning arrangements in South East Queensland
- research (now classified as ‘purely academic’) on an existing 25-year NSW transport blueprint.

IPA has also recently completed a major work on the benefits, costs and opportunities of a national road-pricing scheme that examines a national road access price from a transport management as well as a revenue aspect.

Important among the range of issues is the need to finally deliver a seamless national supply chain. According to Mr Lyon, “Australia’s transport and logistics industry is the backbone that underpins the health, wealth and productivity of the national economy. Freight is too often the forgotten end of the national infrastructure debate, but its importance cannot be overstated.”

The transport and logistics industry generates more than 14 per cent of Australia’s gross domestic product and is worth more than $150 billion per annum to the economy, while supporting more than a million jobs across the nation.

Mr Lyon is adamant that the ‘freight debate’ should be a vital part of the national conversation and other policy-making initiatives. Freight issues need to be front and centre of that debate.

The challenges of developing an effective and comprehensive national freight system (with appropriate international capabilities) are immense.

Last year IPA released its modelling of the freight task to 2050. Its research found that the distance and volume of freight moved through and across Australia is set to double by 2020 to 683 billion tonne kilometres, and that the freight task will treble by 2050, at 1,540 billion tonne kilometres per year.

As Figure 3 shows, this growth will be largely driven by non-bulk container freight. IPA forecasts indicate containerised freight growth of almost 250 per cent, from 182 billion tonne kilometres in 2008 to 631 billion tonne kilometres in 2050.

However, bulk freight is also set to grow, albeit at a lower rate than non-bulk freight as bulk exports ease as a proportion of the overall freight task. Bulk freight is expected to increase by 183 per cent from 321 billion tonne kilometres in 2008 to 909 billion tonne kilometres in 2050.

The challenges of developing an effective and comprehensive national freight system (with appropriate international capabilities) are immense.

These are significant numbers that show truly dramatic increases, according to Mr Lyon. “Australia is facing a profound infrastructure challenge, so there is no getting away from significant reform as well as precisely targeted and sustained investment in order to sustain living standards and productivity growth.”

“Australia needs to genuinely and radically overhaul its approach to meet the freight challenge,” says Mr Lyon, adding, “The rail sector provides a telling example of the lack of national consistency hampering the freight market”.

IPA’s research points to the extraordinary legislative and
regulatory burden hampering the rail market, where an operator has to comply with:

- seven rail safety regulators with nine legislative and regulatory codes;
- three transport accident investigators;
- 15 OHS Acts;
- six access regulators; and
- 75 environmental management acts.

It is unlikely that France’s TGV has to dodge so many obstacles before it can get up to speed.

“It does not have to be this way in Australia—and the deadweight costs to the economy are enormous,” says Mr Lyon.

Australia’s national freight network is part of a much longer global logistics chain, and we need to recognise the need to address fragmented regulatory and planning frameworks.

Under the status quo, there are a large number of federal bodies that provide leadership or coordinate policy, regulation or investment for different aspects of the transport sector.

These include:

- Department of Infrastructure and Transport
- Australian Transport Council (ATC)
- National Transport Commission (NTC)
- Bureau of Infrastructure, Transport and Regional Economics (BITRE);
- AusRoads
- Competition and Consumer Commission (ACCC)
- Infrastructure Australia.

And there are dozens more at a state level. Each of these bodies has a differing responsibility for parts of the supply chain, but no one body has the responsibility to plan for the entirety of the national freight market.

“That is a major weakness in our Federation that now requires redress,” says Mr Lyon. How does anyone design an effective and efficient system with so many interests to account to?

Already, in the broadest terms, Australia faces a massive infrastructure renewal task. Cost estimates range up to $770 billion in the current decade alone. When overlaid by population forecasts that see Sydney and Melbourne housing more than seven million people each, and continued rapid growth in South East Queensland and Western Australia, current estimates are likely to prove conservative.

It won’t be easy—but it will be worth it if the vision, strategy and implementation are all carried through effectively. And nowhere is the growth challenge more evident than on Australia’s economic arteries—our roads, rail and ports.

“Transport investment must be wide-ranging and sustained, we must invest well in our ports, we must design and fund new intermodal networks, such as the too-long delayed Moorebank facility,” says Mr Lyon.

“We must deliver ‘missing links’ on our road networks like Melbourne’s Westlink and Sydney’s M4 East, F6 and F3 Connection, and it’s pretty obvious that Australia should by now have world-class highways to connect our eastern capitals. We must invest in new rail capacity which grade separates passenger services from freight, where market demands and operational issues are worlds apart.”

“But most importantly of all,” Mr Lyon continues, “Australia needs to bring a whole of network approach to planning the right infrastructure, in the right places, and at the right time. Roads, rail and sea freight will all play their part in meeting the tripling in the freight task but we need a consistent national infrastructure plan to ensure we’re investing in the best projects to meet national objectives as we go along.”

It is self evident that a tripling in the volume and distance of freight will demand three times the capacity across our port, intermodal, rail and road networks, but new capacity is only part of the challenge.

We can make inroads by better managing infrastructure. Measures like time of day access pricing encourage utilisation of transport infrastructure in periods of spare capacity. On our rail network, we need to accelerate track upgrades and new routes like a more efficient north south rail corridor. The Australian Rail Track Corporation has achieved much, but many more passing loops, re-alignment and re-sleepering remains to be done.

Figure 4 shows a schematic of one of the most important rail projects—the Automatic Train Management System. The ATMS significantly reduces the clearways between trains, boosting the productivity and capacity of the entire network.
When you couple this sort of innovative project with initiatives like double-stacking freight trains and the delivery of new freight infrastructure projects as part of a national strategy, then we will begin to see real improvements in freight network efficiency and national productivity.

The cautionary note is that visionary planning is only useful if it is backed up by rigorous delivery. A most significant challenge in renovating the national freight market will be harnessing efficient private investment in road, rail and intermodal assets. Setting on models to better harness private investment in freight infrastructure is the key to successfully bridging the transport infrastructure gap.

“The chilling impact of the Sydney Metro cancellation on business confidence in the short term will be very significant,” says Mr Lyon, “and Australia needs to adopt the kind of model that ensures these disasters do not further tarnish the infrastructure market in this country. Investors in the next generation of national freight assets will require certainty and a skilled partner.”

IPA’s modelling forecasts (Figure 5) indicate that the tripling in freight and growth in economic activity and population will require recurrent transport infrastructure investment to quadruple to 2050, representing a recurrent annual investment of $62.5 billion per annum.

And that means that Australia needs a considered, cohesive and unifying national freight infrastructure plan that will attract the investment and skills of the private sector all-the-more.

In addition to the national planning body, Australia must also have a national freight regulator, operating across all modes, to administer safety and environmental protection. This new freight regulator should also be tasked to conduct ongoing reviews of the regulatory environment and to recommend changes to reduce the regulatory burden.

Regulating across the whole sector—rail, heavy vehicles and coastal shipping—will deliver a joined-up, whole-of-network approach that ensures regulatory competitive neutrality across modes.

Some reform has already occurred, with separate rail, road and vehicle regulators—and this is a positive step. But we need to move beyond this mindset.

The reforms of the last decade and a half have seen efficiency increased by reform and innovation within modes. Now it is time to get bold about market-wide shaping in freight. Now it is time for Australia to begin to regulate and plan for the whole of the transport and logistics sector—for the entirety of the national freight market.

There remain many issues to attract the focus and attention of policy makers and industry. While much work is being done in earnest, further reform is urgently needed.

“Australia needs to evolve a system that allows us to meet key national challenges head on,” says Mr Lyon, adding that “Modest reform is not an option. Our engineers and constructors are up to the challenge … the rest of the nation needs to give them the opportunity to do their stuff.”
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