



AUSTRALIAN LOGISTICS COUNCIL

Speech for Michael Kilgariff

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Seminar for LTSSWG on Enhancing ASEAN Logistics Services

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Thank you for the invitation to speak at this conference on enhancing ASEAN logistics services.

It is an honour to represent the Australian logistics industry at this gathering.

As many of you would be aware, 2014 marks the 40th anniversary of Australia's dialogue partnership with the Association of Southeast Asian Nations.

Our formal relationship began in April 1974 when Australia and ASEAN members agreed to meet and conduct a dialogue on a regular basis.

Much has been achieved in the past 40 years to progress areas of shared interest, be they political, economic and functional cooperation.

The 40th anniversary of our relationship is an important opportunity for Australia and ASEAN to look ahead and chart a future path for greater cooperation and integration.

Central to this is greater cooperation on logistics services.

An important first step is developing an agreed action plan to drive logistics services sector improvement and competitiveness across the ASEAN region.

My role today is to bring to the table the Australian experience.

Today I will share with you how the Australian Logistics Council goes about advocating for policies that improve productivity, efficiency and safety in our industry.

But first, I'd like to spend a few minutes telling you about the Australian Logistics Council.

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ALC is the peak body national body for the freight logistics industry in Australia.

When ALC relocated to Australia's capital, Canberra, in 2009, it did so to ensure there was a sharper focus within government and the public service on the needs of freight.

ALC is now viewed as the key advocacy organisation on behalf of the Australian freight logistics sector.

You may be familiar the names of some of our member companies, as a number have a presence across the region.

Our members span the entire supply chain, incorporating, road, rail, sea, air, sea ports and intermodal ports.

Our whole of supply chain approach is unique and sets us apart from many other transport bodies.

One of the greatest strengths of ALC is that all our members are committed to creating a more efficient supply chain.

More efficient supply chains are a must when you consider the size of freight task, and the geographical realities Australia's freight logistics industry faces.

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As you can see from this graph, the national freight task has grown considerably since the 1970s.

More importantly from ALC's perspective, this trend is expected to continue at a growing rate over the next 40 years.

The national freight task is approximately 400 billion tonne kilometres today, and it is estimated to reach 1000 billion tonne kilometres by 2030 and 1400 billion tonne kilometres by 2050.

To add a few more figures into the equation, Treasury modelling shows Australia's population will hit 35 million by 2050.

This increases the need for smooth and efficient supply chains that connect our sources of wealth with our domestic markets and international gateways.

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This population growth will continue to be concentrated along Australia's vast coast line, which again presents challenges for the freight logistics industry.

You would be aware that Australia is big, flat and relatively sparsely populated.

For the freight logistics industry, this means long distances need to be traversed across a multitude of state boundaries and utilising various modes of transport.

In light of these geographic realities, a growing population and rising freight task, it is essential that the freight logistics industry has a strong, unified and respected voice.

It has this in the Australian Logistics Council.

ALC is based in Canberra a stone's throw from parliament house.

This is a conscious decision so we can have easy access to our key decision makers.

And while we are national in focus, we also work hard at the state level.

Many of the decisions directly affecting our industry are made by state governments, particularly relating to infrastructure, regulation and safety.

Today I will focus on four topics which illustrate the effective role ALC plays advocating for policies that improve the productivity, efficiency and safety of our industry.

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One – the ALC Annual Forum

Two – our advocacy around last year’s federal election

Three –ALC’s success in influencing national and state freight strategies

Four – how ALC communicates with governments

First, to the ALC Forum.

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ALC has built up its annual forum over the last few years to the point where it is now recognised as Australia’s premier freight logistics event.

The recent 2014 Forum reinforced this widely held view.

The two day event brought together key decision makers from both Industry and Government to discuss the critical issues facing the sector.

Its aim was to identify the key issues, projects and initiatives industry wants action on by all governments, particularly in the area of freight logistics infrastructure.

The value of the Forum lies in the high calibre of speakers it attracts.

CEOs of Australia’s biggest companies, like Linfox, Toll, Asciano and Qube all speak at the event to discuss their priorities for the year ahead.

Similarly, Federal and State Ministers attend the Forum to interact with Australia’s biggest freight logistics businesses and to outline their government’s freight priorities.

Our guest speaker was Warren Truss, Australia’s Deputy Prime Minister who is also minister for infrastructure.

We work hard to get right balance between policy discussions, networking between government, industry, exhibitions by suppliers, and the all-important social side.

I’m pleased to say the recent Forum was our most successful yet.

The captains of Australia’s freight logistics industry sent a clear, loud and unified message to all levels of government that it is “time to deliver” to improve supply chain efficiency in Australia.

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In particular, they called on governments to:

- deliver on major infrastructure projects,
- deliver on freight plans; and
- deliver on reforms to reduce red tape and improve safety in the freight logistics industry.

Speakers generally agreed that while some progress has been made in recent years to improve supply chain efficiency, there is much more to be done.

For example, there has been much work to establish a national regulatory framework for the freight logistics industry.

The intention was to have a single national regulator for heavy vehicles, and whilst the regulator is up and running, there is still much to be done to ensure the economic benefits from this reform are realised.

The Forum theme 'Time to Deliver' reinforces in my mind why ALC still has a lot of work to do to ensure the freight logistics industry receives the attention it deserves in government policy making and investment decisions.

To illustrate the effectiveness of the Forum, I'd like to go back 12 months and look at one of the main outcomes of the 2013 Forum.

There was a strong consensus at last year's forum for governments to do more to recycle government-held assets into the private sector to free up money for governments to spend on new infrastructure.

In the 12 months since, there has been a flurry of action in this space.

The NSW Government has privatised two major ports and is privatising a third.

The Victorian Government has signalled its intention to privatise the Port of Melbourne.

And the Federal Government has announced it is offering financial incentives to encourage state governments to sell public assets, so long as the proceeds go back into productive infrastructure.

ALC can take at least some of the credit for these policy decisions.

ALC has been hammering away at this issue over the past 12 months, including at the Forum, and we are pleased it is getting some traction.

The recycling of public assets was one of the key themes of two major advocacy documents ALC has released in the past 12 months to coincide with the federal election.

For those of you who may not be familiar with the Australian political landscape, the Liberal/National Coalition Government was elected last September after six years of Labor rule.

Upon becoming Prime Minister, Tony Abbott made it very clear that he wanted to be known as the 'Infrastructure Prime Minister'.

When you consider Australia's freight task I mentioned earlier, this is music to industry's ears in Australia.

But good intentions need to be turned into results.

This underscores why ALC is actively lobbying to ensure promises, intentions and commitments actually lead to results.

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Prior to the election ALC identified four key priority areas for consideration by all major political parties in the lead up to the federal election.

These priority areas are focussed on achieving improved infrastructure, regulatory and safety outcomes in the freight logistics industry.

And after the election, ALC released *Stronger Supply Chains, A Stronger Australia* which outlines ten critical logistics issues requiring greater government focus and attention to improve supply chain efficiency in Australia.

ALC provided a copy to all MPs and Senators, but its message was directed to all levels of government.

It seized on the opportunity of a change of government to push for significant change.

I'm pleased to say many of the priorities identified by ALC have been acted upon.

On infrastructure, we highlighted as priorities a second Sydney Airport and an inland rail freight line.

Both have been progressed by the Coalition.

In the last two weeks, Prime Minister Tony Abbott has announced the site for a second airport in Sydney's west.

ALC will continue to advocate for the airport to be a multi-modal hub to cater for growing freight movements and a growing population.

On red tape, ALC advocated for reviews of two pieces of legislation on shipping and regulating truck drivers' pay which we believe are unnecessary and do not support freight efficiency.

The Government is reviewing both laws as we speak.

And we called for reforms to the way in which major infrastructure projects are identified, prioritised and funded.

The Government has also been active in this area, with a number of enquiries completed, and reforms undertaken to Infrastructure Australia – the government's independent advisory body.

ALC's public advocacy on these issues has helped to create the conditions necessary to allow these decisions, reforms and enquiries to happen.

ALC is optimistic that the new Coalition Government will put in place the policies and make the investment decisions to allow our industry to operate more efficiently, and through that, deliver broader benefits to the Australian community.

The third topic I'll discuss is the role ALC has played in advocating for measures to improve supply chain efficiency through the development of national and state freight strategies.

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A number of years ago, the previous Labor Government kicked off the process to develop a national land freight strategy.

It's a long overdue piece of work.

When one considers the importance of the freight logistics industry to the broader Australian economy, it is quite baffling that it has taken so long to get us to this point in Australia.

The national freight strategy sets the framework against which all states and territories – eight in all – develop their own freight and port strategies.

ALC has been active in influencing the outcomes of these strategies to ensure they deliver for our industry, and the broader national economy.

As it currently stands, most jurisdictions have developed their own freight and port strategies.

In general terms, they have laid the foundations for more effective freight networks and the rules and regulations that underpin them.

An area ALC has been particularly focussed on its advocacy on these strategies is for future freight corridors to be protected for the long term.

While Australia has a vast land mass, all too regularly, governments have allowed key freight routes to be built out.

It is perhaps the single biggest challenge facing the freight logistics industry - that of land use or, specifically, planning and zoning decisions that may affect our operations.

Despite their economic importance to the state, many of the strategic freight routes that service Australia's ports and intermodal terminals are under threat from urban encroachment

With growing land development pressures, land users – mostly residential – are seeking to secure land close to, or on top of, strategic freight routes.

This has led to new residents lobbying to have freight traffic restricted or prohibited.

Allow me to give you an example.

Fremantle Port is Western Australia's only dedicated container port.

Each year, it handles more than 25 million tonnes in trade worth approximately 25 billion dollars.

Despite its economic importance to the state, many of the strategic freight routes that service the port are under threat from urban encroachment, as you can see from these images.

And once these developments are built, new residents may lobby their local member to have heavy freight traffic restricted or prohibited.

With a rising freight task, Australia simply cannot afford to repeat the mistakes of Fremantle Port whereby key freight routes are crowded out by urban development.

Governments of all persuasions need to ensure their planning provides for nationally significant economic infrastructure, including transport corridors, international gateways and intermodal connections.

ALC has also been advocating for governments to identify early in the land use planning process key freight routes that need to be identified and protected.

Specifically, ALC is calling for freight to be embedded in all planning documents and for jurisdictions to outline how they will fund the protection of key freight corridors.

While 'freight doesn't vote', that doesn't mean we should turn our backs on policies and processes that advance the national freight effort, which in turn progresses our national interests.

The fourth and final topic I'd like to discuss today is how ALC goes about communicating with government.

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We do this both formally and informally through a number of channels.

Each year, ALC holds with the Federal Department of Infrastructure an official dialogue.

For the last couple of years it has been led by Hermione Parsons.

It enables industry to raise with senior decision-makers in government issues which are important to our respective businesses, and to the wider freight and logistics industry.

And it also allows the industry to hear directly from Government how it is progressing with the policies, programs and reforms that impact directly on our industry.

These round table discussions have proven to be extremely fruitful and have helped to raise the profile of freight in the federal department.

ALC is building on the success of the federal dialogue by holding similar, albeit smaller events with state governments around the country.

An overview of this year's dialogue will appear in Future Freight Networks which is ALC's yearbook.

I would be more than happy to forward you a copy of the yearbook if you provide me with your business card during the day.

On the informal side, ALC holds a series of Senior Executive Boardroom Lunches around the country with state and territory infrastructure and transport ministers.

The lunches provide ALC Members with a 'seat at the table' and attract senior industry figures from ALC member companies as well as a select number of government bureaucrats to join in the discussion with the ministers.

We are taking this concept one step further this year with ALC's parliamentary dinner, which will be held in July at Parliament House in Canberra.

This event will bring together Ministers, Shadow Ministers, Members and Senators with senior representatives of Australia's freight logistics industry to discuss the economic importance of our industry.

At the event, ALC will launch a report on the economic contribution of the logistics industry to the Australian economy.

The report will highlight not only the true size of the logistics sector, but also its links to other sectors of the economy.

Quantifying the economic contribution of our industry to the economy will assist ALC's advocacy work at both the federal and state level.

In particular, it will support our efforts to achieve nationally consistent regulation and the provision of appropriate national infrastructure to meet Australia's rising freight task.

ALC will also use the report used to inform decision makers of the likely consequences of inefficient regulation and underinvestment in infrastructure

Conclusion

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Ladies and gentlemen, it has been my pleasure to share with you today the role ALC plays advocating for measures to improve supply chain efficiency in Australia.

There's still a way to go down the road ahead, and like all journeys there have been some unexpected road bumps and detours.

Despite this however, we have made good progress, and are starting to see on the horizon some real improvements emerge.

Once realised, these measures will encourage greater investment in Australian transport infrastructure, and enable Australia's growing freight needs to be served.

To conclude, let me once again reinforce the importance of ASEAN as a forum through which we as an industry can come together to discuss issues of shared importance.

ASEAN member states now have a combined population of more than 600 million and economies of \$2.4 trillion.

Against this economic backdrop, the need for seamless, integrated and efficient supply chains is paramount.

I'm confident that the work of this group will help us to develop even stronger ties among our nations in the future.

Thank you.