



NOVEMBER 2013

STRONGER SUPPLY CHAINS, A STRONGER AUSTRALIA

A Ten Point Plan to Improve Supply Chain Efficiency in Australia

The Australian Logistics Council published in July 2013 its election priorities document *'Time to Deliver'* which called for action on a range of projects and reforms to improve supply chain efficiency in Australia.

Following its election win, the Coalition has committed to a number of steps that will potentially improve supply chain efficiency, including two key legislative reviews, proposed reforms to Infrastructure Australia and funding for major infrastructure projects.

These initial first steps by the Federal Government are welcome, however, there is more to be done to increase productivity, reduce red tape and improve safety in the freight logistics industry.



Stronger Supply Chains, A Stronger Australia outlines ten critical logistics issues requiring ongoing government focus and attention to improve supply chain efficiency in Australia.

- 1 Reducing Red Tape
- 2 Harnessing Greater Private Sector Investment in Infrastructure
- 3 Improved Project Identification
- 4 A National Approach to Freight
- 5 A Nationally Consistent Regulatory Framework
- 6 Getting More Freight Onto Rail
- 7 Heavy Vehicle Charging and Investment Reform
- 8 Intermodal facilities
- 9 Improved Freight Planning
- 10 Fixing Sydney



ABOUT ALC

ALC is the peak industry body representing the major and national companies participating in the Australian freight logistics industry.

It works to promote and encourage greater recognition by Government and the community of the importance of the freight logistics industry's contribution to Australia's economy. For example, ALC estimates the industry generates an estimated 14.5% of Australia's GDP and provides more than 1 million jobs across 165,000 companies.

1 >

Reducing Red Tape

Issue: Red tape in the form of overlapping, inconsistent or unnecessary regulations adds to business costs and reduces freight efficiency. ALC welcomes the Government's commitment to review the coastal shipping reforms and the Road Safety Remuneration Tribunal, both of which were identified as ALC priorities in *Time to Deliver*.

Coastal Shipping: Moving freight by ship is a transportation option utilised by many producers who are attracted to it for its cost effectiveness and flexibility. However, legislative changes enacted by the previous government resulted in Australia moving from one of the most open cabotage arrangements in the world to one of the most restrictive.

ALC position: The Government has flagged a review of the legislation. ALC will be working to ensure such a review takes place as soon as possible and looks forward to the review testing whether the Coastal Trading Act is meeting its objectives.

Road Safety Remuneration Act: The Road Safety Remuneration Tribunal has the power to hand down orders that prevail over all other laws, including the Heavy Vehicle National Law (HVNL). This is a recipe for inefficiency, confusion and increased costs as the HVNL, which is being implemented by all jurisdictions, specifically manages speeding and fatigue which are the areas of greatest concern in the sector.

ALC position: ALC supports the Government's commitment to review the Road Safety Remuneration Tribunal as safety matters in the heavy vehicle industry are sufficiently dealt with under the HVNL. ALC believes the review should be undertaken with a view to eliminate from the Act any provisions that confer a power on the Tribunal to make statutory instruments covering areas already dealt with by other pieces of legislation.

2 >

Harnessing Greater Private Sector Investment in Infrastructure

Issue: Budgetary pressures are forcing governments to increasingly look at a range of new funding and financing sources for infrastructure investment. The Industry Super Network estimates it stands to invest \$15 billion in infrastructure over the next five years. However, more can be done by governments to streamline different processes and procedures at the state level when it comes to bidding for projects which adds to costs and reduces efficiency.

ALC Position: ALC has long called for Infrastructure Australia to be able to facilitate more private-sector investment in freight logistics infrastructure. ALC has welcomed a Coalition announcement to establish within Infrastructure Australia a dedicated Funding and Finance Advisory Unit to look at ways to generate additional funding for projects identified through a renewed National Infrastructure Audit. ALC will closely examine the legislation that will amend the structure of Infrastructure Australia to ensure it can meet the Government's stated objectives in regards to facilitating more private sector investment in infrastructure. ALC will also encourage the Commission of Audit to place a high priority on the potential benefits of recycling of infrastructure assets to fund new logistics infrastructure.

3 >

Improved Project Identification

Issue: Improved mechanisms need to be put in place to ensure funding is prioritised for infrastructure projects that will deliver maximum productivity benefits, rather than funds going to projects that are prioritised for political, sectional or geographic reasons.

ALC Position: ALC strongly believes that all major projects should undergo rigorous cost-benefit analysis before receiving public funding to test whether they are in Australia's long-term economic interest. ALC supports the Coalition's undertaking to regularly publish cost benefit analyses for all projects being considered for Commonwealth support or investment.





4 >

A National Approach to Freight

Issue: Traditionally, transport planning has been mode specific, with plans for road freight, rail freight etc rather than adopting a whole of supply chain perspective. This is undesirable and undermines the efficiency of the sector. This has been partially addressed with the release of National Port and Freight Strategies. Key actions from the strategies include a requirement to develop long term integrated master plans for ports and mapping key freight routes around Australia.

ALC Position: ALC will be acting to ensure that the 'places for freight' concept identified in the National Land Freight Strategy will be preserved and properly funded. ALC will also work to ensure the National Port Development Plan builds on, and does not diminish, the proposals contained in the National Ports Strategy approved by COAG.

5 >

A Nationally Consistent Regulatory Framework

Issue: Until recently, there were 23 transport regulators covering heavy vehicles, maritime safety and rail safety. To some degree this has been addressed by the national transport reforms, which has involved the establishment of 3 national regulators in these three areas. The potential benefits have been estimated at \$30 billion over 20 years. The reform is still in its infancy, so it is hard to judge whether the full economic benefits will be realised, and there is still much to be done particularly in the heavy vehicle sector.

ALC Position – ALC supports the national transport reform agenda, but believes there is still some way to go to ensure the full economic benefits of these reforms are realised. For example, governments need to ensure the National Heavy Vehicle Regulator is properly resourced and delivers on the promised access benefits for heavy vehicles to improve productivity, efficiency and safety outcomes.

6 >

Getting More Freight Onto Rail

Issue: Australia's freight task is predicted to double from 500 billion tonne kilometres to 1000 billion tonne kilometres by 2030 and grow to 1400 billion tonne kilometres by 2050. To meet this raising freight task, Australia needs to move freight on rail. This involves both interstate and intrastate movements.

ALC position: ALC encourages governments to place a higher priority on investing in short haul rail connecting ports to intermodal facilities to facilitate more efficient freight movements; improve urban amenity; reduce road congestion and decrease queuing times at ports. ALC also encourages governments to do the planning necessary to progress the inland rail route which would boost rail's share on the north south corridor.

7 >

Heavy Vehicle Charging and Investment Reform

Issue: Work has been progressing for a number of years to reform road pricing and investment arrangements to create a more direct link between heavy vehicle usage and investment. Work being undertaken by the Heavy Vehicle Charging and Investment Reform project team is aiming to ensure:

- » vehicle road charges reflect the cost of road use and infrastructure required to improve access for heavy (high productivity) vehicles to meet the future freight task
- » revenue collected by governments in heavy vehicle charges flows back into improving road services and growing the road network
- » there is better coordination and consultation between the three levels of government in planning, investing and funding in the delivery of heavy vehicle road infrastructure and services

A regulatory impact statement on this reform is expected to be released shortly. This will be a major reform for all sectors of the logistics industry.

ALC position: ALC is participating in the HVCI design process to ensure a mechanism is developed that will deliver the aims of the initiative. ALC encourages ongoing leadership at the federal level to support options that improve supply chain efficiency, in particular, ensuring improved productivity outcomes can be achieved through enhanced access arrangements.





8 >

Intermodal facilities

Issue: Intermodal terminals (where road and rail interacts at dedicated distribution centres) are critical to ensuring Australia can meet its rising freight task. These include:

- » Moorebank, Enfield, Eastern Creek (proposed) (NSW)
- » Altona, Somerton, Dynon, Lyndhurst, Western Interstate Freight Terminal (Victoria)
- » Bromelton, Acacia Ridge, Ebenezer (Queensland)
- » Kewdale (Western Australia)
- » Penfield (South Australia)
- » Brighton (Tasmania)

There has been much discussion and debate regarding the planning Moorebank Intermodal Terminal.

ALC position: Moorebank is a priority infrastructure project that will help facilitate more efficient movements in Sydney. ALC believes the entire site needs to be developed in a manner that most efficiently facilitates the movement of freight to and from Port Botany within the shortest timeframe. The key to achieving this is by developing the entire site 'englobo' using a whole of precinct approach. It is not clear at this stage how this can occur.

9 >

Improved Freight Planning

Issue: Freight and logistics is often 'crowded out' in capital cities, with inappropriate and incompatible development occurring too close to freight infrastructure and facilities which inhibits the freight effort and impedes efficiency. Examples include inappropriate urban encroachment around major ports, intermodal facilities (where road meets rail) and rail freight lines.

ALC Position: ALC encourages all states to implement long-term freight plans to ensure government decision making takes into account the needs of freight. Primarily, this involves ensuring key freight routes are identified and preserved. ALC also encourages state governments to avoid a 'siloed' approach to land use planning which can (and does) result in unfavourable decisions being made that impedes the logistics sector. ALC is reviewing state planning documents being prepared to give effect to the COAG Capital City Strategic Planning Systems and is working to make the case for freight planning requirements to be contained in the instruments controlling planning decisions and not in separate documents.

10 >

Fixing Sydney

Issue: The biggest impediment to improving the efficiency of our freight network is Sydney. When Sydney logistics doesn't work – Australia doesn't work as Sydney often acts as a bottleneck in the freight network which impedes national freight efficiency.

ALC position: A number of measures and initiatives have been identified by ALC to improve freight efficiency in Sydney, particularly around Port Botany. ALC will be working to ensure that the WestConnex project properly allows the efficient movement of freight to and from Sydney's current international gateways. ALC also supports the construction of a second Sydney airport at Badgerly's Creek to add price competition to the Sydney air freight market and will be working to ensure the new Government makes a decision on the second airport during its first term. We also advocate for greater use of high productivity vehicles on the Hume Highway to achieve greater efficiencies on the Melbourne to Sydney corridor.

FURTHER INFORMATION

on these top ten priorities is available at <http://austlogistics.com.au/policy-advocacy>

CONTACT US

PO Box 20 DEAKIN WEST ACT 2600
P: +61 2 6273 0744 F: +61 2 6273 3073
E: admin@austlogistics.com.au

www.austlogistics.com.au