

## Keynote Address at the Australian Logistics Council Annual Dinner

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19 March 2014, Royal Randwick Racecourse Ballroom, Sydney

Thank you for those words of welcome Don (Telford Chairman ALC).

It is a pleasure to join you for your Annual Dinner—and in such an impressive setting.

It is particularly pleasing to be here on behalf of the Prime Minister, Tony Abbott, whom you would have preferred, representing the new Coalition Government as Deputy Prime Minister and Minister for Infrastructure and Regional Development.

Firstly, I want to acknowledge the important role that the Australian Logistics Council plays as the nationally recognised voice of Australia's freight transport and logistics industry.

You know just what the Prime Minister means when he says Australia is, once again, open for business.

It is your members' business to keep business moving around the country, and it is our business to make it easy for you to do so.

Getting products and resources to and from our ports as efficiently as possible has always been essential.

The only change is that it is becoming increasingly more important than ever before.

I know everyone in this room takes a keen interest in our policy position and our election commitments in transport and infrastructure.

And I welcome your considered analysis of the key issues impacting on your industry.

I welcome your input into initiatives to build greater efficiencies into the supply chain, the ongoing reform of our port operations and your support for the reform of Infrastructure Australia.

The ALC has been one of the strongest supporters for regulatory reform, particularly the implementation of national transport regulators and national laws for heavy vehicles, and rail and maritime safety.

This was apparent in the recent industry dialogue hosted by my Department, your whole-of-supply-chain approach is strategic, it is logical and it is pragmatic.

It acknowledges the need to take national action to ensure that all our transport modes—road, rail, air and maritime—are seamlessly inter-connected.

That way the industry can readily move freight across and between port, rail and road networks and onwards to customers here and abroad.

As you appreciate, progress has been made towards a national approach to freight—but I sometimes find progress disappointingly frustrating.

We move forward both through action at the Council of Australian Governments and state specific policies and freight plans.

It includes recognition that transport network planning for freight has to cross traditional modal barriers and fully capture issues associated with ports and broader land use planning.

The Commonwealth is working closely with the states and territories on port and freight initiatives to ensure that these critical linkages are strengthened.

Yours is a critical national task and one that we know is rapidly expanding with freight movements in Australia set to double over the next 20 years, and treble along the eastern seaboard.

To meet the challenges and the opportunities we need to take a truly national perspective.

We need to get the settings and the supporting infrastructure right as we strive to meet the demands of a growing population and the logistics challenges of our import/export industries.

## **Infrastructure Investment**

The theme of your forum is "Time to Deliver". Well, the Coalition Government could not agree with you more.

In a nation as vast as ours delivering safe, efficient and connected transport networks is critical.

To this end, we have made a \$35.5 billion commitment over the next six years to delivering the infrastructure Australia needs to meet the challenges and opportunities of the 21st Century.

We are working with the states and territories and the private sector to implement a number of nationally significant road and rail projects.

ALC members are well versed in the project list so I am not going to give you a dollar-by-dollar listing.

However, it is important to note that projects are being funded right across the country, in capital cities and major regional centres and the outback.

Our focus is squarely on increasing productivity across freight and logistics networks.

Projects include the upgrade of the Bruce and Pacific Highways, East-West Link in Melbourne, South Road in Adelaide, WestConnex in Sydney, the Swan Valley Bypass on the Perth to Darwin Highway, the Toowoomba Second Range Crossing and the Gateway Motorway.

We are also providing \$300 million to the Melbourne to Brisbane Inland Rail—the Government's top priority new rail freight project, as well as one of Australia's most important and iconic long-term projects.

I am fully committed to fast-tracking this project so that construction can begin as early as possible to secure rail freight efficiency and reliability along the north south corridor.

These are the projects that Australia needs to strengthen and expand our national transport network.

To get the job done, and truly be an Infrastructure Government, we are—and need to be—committed to reforms that promote efficiency, productivity and are value for money.

Reforms that allow businesses to plan and expand and grow the economy without government intervention.

### **Fixing governance arrangements for infrastructure investment (IA Reforms, PC Review, one-stop-shop regulatory approvals, deregulation agenda)**

Strengthening IA's role is a key part of our strategy to lift Australia's productivity.

IA needs to be more than a post box for unfunded projects or a commentator on decisions already made.

We maintain that IA should take a more proactive role in identifying our infrastructure needs at a national level.

Our reforms will give IA the ability to focus its efforts on the national infrastructure task and advise governments on what Australia needs to unshackle constrained economic productivity.

The government will also charge IA with examining crucial and pressing policy issues, recognising that projects or initiatives do not necessarily stand in isolation.

This is crucial for rural and regional projects and the communities that depend on them.

We have set in motion a new and more focused way for IA to determine its own agenda and provide the advice that governments need ... not just what they want to hear.

A clearly articulated plan will assist both the public and private sectors to deliver projects.

I am very pleased that the Senate Committee examining the IA Bill has recommended that the bill be passed without amendment. It means the Government has got the settings right for Infrastructure Australia.

The Government is mindful of the financial risks posed by alternative funding and financing mechanisms, and along with the changes to IA, we tasked the Productivity Commission with examining ways to reduce costs and attract private investment.

In this respect, we asked the Productivity Commission to consider the risks to the Commonwealth, as well as the possible impact on the Budget and fiscal consolidation goals.

The overall cost of infrastructure and the need to engage with the private sector are key economic challenges faced by Australia and other countries in our region.

Australia must ensure that private investment is as attractive as possible by reducing the cost of building infrastructure by driving efficiency and removing red tape.

The draft report was released last Thursday. This Government will carefully analyse the final report to determine what types of alternative funding and financing mechanisms can be considered for infrastructure projects and what governance arrangements would be needed to support those mechanisms.

## **Reducing Red Tape**

In Parliament today, we heard a statement on red tape cost reduction and the introduction of an omnibus red tape repeal bill, designed to cut bureaucratic compliance costs for business and households by more than \$700 million.

Today we have set about repealing 774 spent and redundant regulations and instruments in my department alone—and the process has only just begun.

Overregulation stifles innovation, investment and productivity.

The World Economic Forum's survey of 148 countries found that Australia came in at 128th for its regulatory burden.

The Coalition is working with the states to remove duplication between State and Federal Governments. One way we are doing that is through one stop shop environmental approvals.

## **National Heavy Vehicle Regulator**

In a major step forward in getting the settings right in terms of productivity and safety, the National Heavy Vehicle Regulator has commenced work under the Heavy Vehicle National Law across most of Australia.

The development of a single Heavy Vehicle National Law is an important piece of economic reform which will be key in meeting the challenges of Australia's rapidly expanding freight task.

Unfortunately the benefits of the national approach have been overshadowed by a troubled start to the National Law last month.

Clearly, the systems which the National Heavy Vehicle Regulator put in place on 10 February this year were inadequate to do the job.

I share the concerns expressed about the delays in processing access permits which have seen many operators adversely impacted.

As you will be aware New South Wales, Victoria, Queensland and South Australia have resumed the processing of access permits on a temporary basis.

I have discussed with Transport Ministers a way forward to ensure that the Regulator's performance meets operators' expectations surrounding access permits.

A lot of repair work is needed to fix the Regulator's systems and processes to ensure that they are up to the standard expected by operators.

Despite these initial problems, the Australian Government will not walk away from this reform which will offer enormous productivity benefits into the future.

The focus now must be on getting it right and making the systems work to ensure that the benefits can be realised.

## **Heavy Vehicle Safety and Productivity Programme (HVSPP)**

The Australian Government is also committed to the continuation of the heavy vehicle safety and productivity programme (HVSPP).

Under Round Four of the program, the Australian Government is providing a further \$200 million to extend the Heavy Vehicle Safety and Productivity Program to 2018–19 to fund a range of projects to help drivers manage fatigue.

### **Bridges Renewal Programme**

As your members appreciate, local roads and bridges also play an important role in the national freight task.

Through the Bridges Renewal Programme we have committed \$300 million to restore and rebuild local bridges with an emphasis on freight routes and community access.

## **Roads to Recovery/Black Spots**

We will also ensure that the highly successful Roads to Recovery and Black Spot programmes are adequately funded into the future—at least until 2019—even with the current budgetary difficulties before the federal government.

## **Heavy Vehicle Charging**

No discussion on road freight can be complete without looking at the issue of heavy vehicle charging.

I think I can safely say that we all agree that in the long-term, reforms to heavy vehicle charging and investment arrangements will be necessary to ensure that the road network can sustainably meet the expected growth in freight.

To this end, the Council of Australian Government will shortly be asked to consider an ambitious agenda for future transport reforms, including in relation to heavy vehicle charging and investment arrangements.

## **Aviation**

In aviation we are working to provide business certainty.

Earlier today I announced that Brisbane Airport will remain open 24 hours a day, rejecting a push by a former Labor PM for a late-night curfew, like Sydney and Adelaide.

It is not the disposition of this Australian Government to impose additional regulatory burdens on industry.

On the contrary, we have committed to reducing the red and green tape cost burdens on the Australian economy by \$1 billion per year.

## **Sydney Aviation Capacity**

We all know aviation capacity is a challenge at Sydney Airport.

The Australian Government is committed to selecting a site for Sydney's second airport in our first term.

We understand the need to provide certainty to the public—and to allow the aviation, transport and tourism industries to plan for the future.

We are therefore inclined to make this decision sooner rather than later—but I must stress that making this decision involves working through several important national interest issues.

Among these issues are of course the economic and social benefits the airport will bring.

I want to emphasise that—although the selection of the Second Airport site is a critical way-point—it is not the only step in addressing Sydney's aviation needs.

The Coalition Government is investing in the WestConnex Motorway project and the Moorebank Intermodal Terminal—both of which will relieve congestion around the Sydney Airport/Port Botany precinct.

A second Sydney Airport will complement—not replace Kingsford-Smith Airport—which will continue to be a critical part of Australia's transport infrastructure.

## **Aviation—Securing the Supply Chain**

Around 20 per cent of Australia's exports are transported by air.

This typically includes very high value, low volume commodities, such as gems and precious metals, as well as lower value but high volume items such as horticulture and meat products.

As you might recall, in October 2010, two Improvised Explosive Devices were discovered hidden in air cargo consignments sent from Yemen and destined for the United States.

This incident highlighted the potential for air cargo to be used to commit an act of terrorism. It has also prompted ongoing restrictions or prohibitions on cargo entering Australia from Yemen and Somalia.

It is in the context that my Department is developing options for improving air cargo security arrangements.

To align with the Government's deregulation agenda, we will be looking to ensure that any change to aviation cargo security arrangements imposes as little cost and regulatory burden on industry as possible.

In the coming months, my Department will be seeking the views of industry members, including of course ALC, on this policy matter.

## **Ports—A Productive and Efficient Waterfront**

Australia is most definitely open for business and much of that business flows through our major ports.

Over the past few years I have met with members of the ports and shipping industry many times and I am pleased to be back at the helm of this portfolio.

A safe, productive and efficient waterfront is not a wish list item—it is a must.

Our major sea ports are our gateways to the world and we have to ensure they are productive and competitive in the global market place.

I have noted ALC's desire for a greater level of engagement and discussion between jurisdictions to ensure we avoid developments which undermine supply chain efficiency.

I also recognise the need to revisit the current arrangements around coastal shipping which appear to be resulting in a modal shift from sea to road.

An options paper canvassing potential reforms will be released shortly.

## **Conclusion**

In closing, I would once again like to thank you for the opportunity to join you this evening.

We share a common goal.

Together we can deliver a quality infrastructure network. That means planning across all modes to optimise opportunities for coordination and I welcome the significant contribution ALC is making to achieving that goal.

Thank you