

**Speech for Michael Kilgariff**

**To the Australasian Transport Research Forum**

***'Time to Deliver' on logistics infrastructure and reform to prepare for future freight growth in our cities***

**Thursday 3 October 2013**

Good morning ladies and gentlemen, it is a pleasure to be here at the 36<sup>th</sup> Australasian Transport Research Forum.

The longevity of the annual research forum demonstrates its ongoing relevance and importance to the important debate about the role of our transport systems and networks.

Research is a central component of a working, vibrant and productive transport sector.

Without it, we simply cannot make informed and proper decisions.

Funding for transport is finite and it faces stiff competition from other causes.

It is essential government decisions are evidence based and based on thoroughly researched information and data.

Can I say at the outset that I also welcome the committee's inclusion of freight logistics in today's discussion.

Freight is often an overlooked in the public discourse on transport which is unfortunate. Perhaps that is because freight doesn't vote.

All Australians – families, businesses and employees of the freight logistics industry – have an interest in improving supply chain efficiency.

Not only is it good for our economy, it will also lead to cheaper goods and reduced congestion.

So ALC actively encourages government at all levels to ensure it gives appropriate consideration to the needs of freight in its investment and policy decisions in order to maximise its benefits to the national economy.

Today I will

- discuss the need to deliver on logistics infrastructure and reform to prepare for future freight growth in our cities; and
- explore some of these steps that have been taken at the state and federal level, and will look at what else needs to be done to improve supply chain efficiency.

ALC has a whole of supply chain focus with members spanning the road, rail, sea and air sectors.

We concentrate on three core issues – appropriate national infrastructure and regulation and improved logistics safety.

We focus our advocacy on measures that will improve productivity, efficiency and safety in the industry and, through that, creating more efficient supply chains.

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.

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 500 billion tonne kilometres today, and it is estimated to reach 1000 billion tonne kilometres by 2030 and 1400 billion tonne kilometres by 2050.

*(a Billion Tonne Kilometres is a unit of measurement equal to the weight in tons of material transported, multiplied by the number of kilometres driven.)*

Here in Queensland, freight is increasingly becoming the backbone of the state's economy.

It's importance will grow even more so over the coming decades.

Queensland's freight volumes are anticipated to grow by more than 70 per cent by 2021

Let me say that again – volumes will grow by more than 70 per cent by 2021.

To put that in perspective, Australia's population will double by the middle of the century, but Queensland's freight task will increase by 70 in less than a decade.

According to the recently released Queensland Freight Strategy, freight volumes across Queensland are forecast to increase from 881 million tonnes in 2010 to 1550 million tonnes in 2021.

The sector employs tens of thousands of Queenslanders directly, and even more indirectly.

In light of these figures, the big questions confronting industry and government are how do we prepare for the enormous growth in the national freight task?

And how do we continue to provide a secure employment base for these hundreds of thousands of people?

In ALC's view the response need to be multi-pronged, focussing on both regulatory and infrastructure measures to improve freight efficiency.

A logical starting point is putting in place a national transport system.

When I speak to international logistics professionals visiting or working in Australia, they are often amazed at how Australia is bedevilled by inconsistent laws across the country.

It reinforces their perception of Australia as a nation of eight separate countries.

I know of two politicians in this state who think this number should be nine, but that is another conversation for another time...

From ALC's perspective, an inconsistent regulatory framework is a recipe for inefficiency and one of the causes of poor productivity in the industry, not to mention poor safety outcomes.

We have made some significant headway on these issues in recent years, but there is still some way to go.

We now have national regulators for heavy vehicles, rail safety and maritime safety which will help reduce state based inconsistencies which add to compliance costs and act as a handbrake on efficiency.

The Queensland Government has played an important role in the reform to establish a National Heavy Vehicle Regulator.

Queensland is the host jurisdiction for the Heavy Vehicle National Law.

The legislation creates Australia's first ever National Heavy Vehicle Regulator which has strong support across industry.

We believe the reform is critical to boosting productivity, increasing efficiency and improving safety in the sector.

Ultimately the reform will mean we have one rule book and a national approach to heavy vehicle safety.

But some major steps still need to be taken to ensure the full economic benefits are realised.

Fundamentally, this means ensuring there is improved access for heavy vehicles, ensuring the service levels agreed to between the regulator and the states are open, transparent, and appropriate and state based derogations from the national law are minimised.

The Federal Government through the new Infrastructure Minister Warren Truss has an important role to play here in ensuring that these issues are addressed appropriately.

Another major step taken this year has been the sign off of the national land freight strategy, and the development of state freight strategies.

The national strategy is an important first step to improved freight efficiency.

Under it, jurisdictions will map key freight routes, and will also need to identify funding mechanisms are put in place to actually protect those routes.

This issue goes to the core of the theme of this week's event – how to ensure transport properly intersects and underpins the development of contemporary urban environments.

All too often in our cities we see inappropriate urban development crowding out freight.

The result is poor urban amenity and poor freight outcomes.

It's an issue for all levels of governments, and needs to be addressed through better long term planning.

On this issue, ALC is broadly pleased with the Queensland Moving Freight Strategy which the Government released a few months ago.

In particular, ALC agreed with the Strategy's focus on getting more freight on to rail.

To meet the rising freight volumes I mentioned earlier, it is imperative that we get more freight on to rail.

The onus is on governments to invest in appropriate rail infrastructure.

Short haul rail lines that connect ports to intermodal facilities can improve freight efficiency, improve urban amenity by reducing road congestion and decrease queuing times at ports.

The potential economic and social benefits of short haul rail from port to intermodal terminals must feature more prominently in infrastructure plans by all levels of government, including Queensland

I'm pleased with the proposal contained in the Queensland Strategy to review and clarify the intent of the rail passenger priority legislation and its impact on freight.

The strategy also foreshadowed an assessment to segregate the passenger and freight network in the metropolitan network.

This is an important piece of work because freight efficiency suffers from passenger services getting priority on the network.

It would be unrealistic to suggest freight should override passenger services in all circumstances.

However, we need to look at how we can improve the system and extract greater efficiencies from the network for both freight and passenger services.

ALC also welcomes the priority action in the strategy for the Queensland Government to undertake a pre-feasibility study to inform the redevelopment of the Acacia Ridge Terminal.

With container freight volumes expected to grow considerably over the next ten years, ALC supports the terminal's upgrade to increase capacity and to improve operational efficiency.

The expected growth in freight volumes over the next decade also underscores the need for the Queensland Government to take a long-term approach to identifying and preserving appropriate parcels of land that can serve as locations for future intermodal sites.

Finally, ALC was pleased that the strategy acknowledged the potential benefits of an inland rail line from the Port of Brisbane to the Port of Melbourne.

This was one of the key election priorities identified by ALC in our election priorities document Time to Deliver.

The potential benefits of an inland rail line are enormous, particularly for Queenslanders.

It would improve rail freight efficiency and reliability along Australia's east coast.

It would free-up rail capacity in our major cities, particularly in Sydney which often becomes a bottleneck as passenger trains are given priority over freight.

It is important however that the dedicated freight line directly links to the Port of Brisbane.

If done right, the benefits are enormous.

It would reduce truck related traffic congestion in south east.

It would also help to stimulate regional intermodal freight terminals which deliver efficiencies for producers in the region.

The State Government's potential tunnel solution between the existing north-south interstate rail line and the port is an option, as part of an overall dedicated freight rail solution that warrants further investigation

The Port of Brisbane, an ALC member, has undertaken a review of options to address future growth and capacity constraints.

It is currently completing a pre-feasibility study to demonstrate the commercial, social and environmental viability of dedicated freight rail.

The port is doing its part and so it is important that state and federal governments do the groundwork on inland rail as soon as possible.

Again, ALC will carefully monitor progress here.

Another key issue ALC is calling for delivery on is strengthening the role of Infrastructure Australia.

The Coalition has committed to enhance Infrastructure Australia.

ALC strongly supports Infrastructure Australia and we are pleased the Coalition is committed to strengthening it.

I should also add that ALC recognises the role Anthony Albanese played establishing IA and the legislation underpinning it.

We believe IA should be the 'productivity commission' of infrastructure and play a greater role in identifying and listing the priorities for major infrastructure projects.

The Coalition said it would establish a funding and financing unit within Infrastructure Australia to look at ways to generate additional funding for projects identified through a renewed National Infrastructure Audit.

ALC has long called for Infrastructure Australia to be able to get more private-sector investment in freight logistics infrastructure.

The Funding and Finance Advisory Unit is a positive step towards that.

It will also provide advice on efficient financing options for new projects. So it can look at both private, as well as public, financing options.

This is an important role, as it will help create the conditions to attract the capital necessary to build Australia's infrastructure.

There is a clear and obvious appetite by private sector investors to invest in our infrastructure.

The long term lease of Port Botany for around \$5 billion reflects this appetite.

However, increasingly we hear of potential investors needing to go offshore to invest their funds to achieve long term stable returns.

When you think of the potential benefits from the funds raised from asset sales going back into freight logistics infrastructure, this is clearly a less than desirable outcome.

ALC believes there is scope for IA and governments to improve the conditions necessary to attract greater private sector investment in infrastructure assets.

One of the most significant inhibitors is that there are different processes and procedures at the state level when it comes to bidding for projects.

Like inconsistent national transport laws, this adds to costs and reduces efficiency.

There is scope for greater government cooperation on this issue and it could be an issue progressed by COAG.

If the Prime Minister was looking at ways to get more private sector investment in our critical infrastructure assets, this would be a good initiative to progress.

Similarly, there needs to be a review of incentives and tax mechanisms to encourage focus on greenfields infrastructure investment.

There should also be a greater focus on a coordinated and long term infrastructure pipeline to ensure Australia funds can be invested in Australia.

Finally, there is scope for greater integrated planning between levels of government to deliver projects to market in a more coordinated fashion.

Infrastructure Australia will also retain its role of ensuring that projects are supported by rigorous cost-benefit analyses.

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.

Too often in the past, some projects have inappropriately been given greater priority for political, sectional or geographic reasons.

Other more deserving projects have been pushed down the list to the detriment of our overall economic performance.

ALC will be monitoring how IA performs these tasks and whether government provides the enough money to ensure the work.

ALC's 'Time to Deliver' document also identifies a second Sydney airport at Badgery's Creek as a priority for the freight logistics industry.

Numerous studies have projected significant growth in air freight in the Sydney market, heightening the need for action now.

A second airport is needed in Sydney to add price competition to the Sydney air-freight market; to meet rising levels of demand; and to reduce congestion around Kingsford Smith

The new Government's aviation policy promised a decision on a second airport in the first term.

Indeed, I understand the Coalition Government may make some sort of announcement by the end of the year.

ALC will be holding them to it.

I mentioned earlier that ALC focuses its advocacy efforts on three key issues - infrastructure, regulation and safety, and it's this last issue of safety I'd like to end on today.

In particular, I'd like to discuss the coal seam gas logistics safety code of practice, because I know CSG is such a hot topic here in Queensland at the moment.

The CSG Code is one of three codes that sit under the umbrella of the ALC National Logistics Safety Code of Practice, or NLSC.

The NLSC is an industry code that assists participants meet their chain of responsibility requirements.

The CSG Code has been developed by the CSG industry in conjunction with the ALC to highlight the critical areas of risk identified within the CSG sector.

Specifically, it applies to the transport and logistics supply chain, including heavy plant.

I don't need to tell a room full of Queenslanders that the economic opportunities presented by CSG are enormous.

According to the Queensland Government, Queensland has 98 per cent of Australia's proven coal seam gas<sup>1</sup>.

Investment is occurring in the tens of billions of dollars, and there are literally thousands of freight movements heading to key centres in central and northern Queensland.

And of course, there are significant flow-on effects to the freight logistics sector in terms of meeting growing demand for equipment, supplies and labour to support the industry.

With this increased activity there needs to be a greater focus on safety, which is where the CSG Code comes in.

This new code helps improve road safety by ensuring CSG industry employees, contractors and sub-contractors are aware of their responsibilities where they control or influence the safe and legal carriage of road freight.

## **Conclusion**

Ladies and gentlemen, the next three years under a Tony Abbott-led Coalition Government will be critical to future growth of the freight logistics industry.

His mantra that he wants to be known as an infrastructure prime minister is welcome, but these words need to be met with concrete actions, and urgently.

ALC, as the peak freight logistics industry body in Australia, will be lobbying hard for delivery on a range of measures needed to improve productivity, efficiency and safety in the freight logistics industry.

It is 'Time to Deliver' to ensure Australia is well prepared to meet rising freight growth, particularly here in Queensland.

Time to Deliver on Infrastructure, Time to Deliver on Regulatory Reform and Time to Deliver on Cutting Red Tape.

We hope that the change in government in Canberra will lead to a higher priority for the infrastructure that freight relies upon.

It has been a pleasure to share with you my thoughts on this important issue today.

And if you wish to continue the conversation, I encourage you to attend the 2014 ALC Forum, which will be held at Royal Randwick Racecourse on the 19th and 20th of March.

Thank you.

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<sup>1</sup> <http://www.industry.qld.gov.au/lng/documents/CSG-Business-DERM-web.pdf>