



AUSTRALIAN LOGISTICS COUNCIL

DELIVERING ON REGULATORY AND INFRASTRUCTURE REFORMS

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Thank you for the invitation to speak at the Australian Food and Grocery Council's Supply Chain Seminar.

My job today is to talk about some of the regulatory and infrastructure reforms currently underway.

Freight never stops, and nor do the reforms affecting our industry.

Whether it be the way safety is regulated, how infrastructure is priced and provided or how projects are identified and financed, ours is an ever changing industry.

This ever changing landscape is what makes it our industry so dynamic, diverse and exciting to be in.

Before I discuss some of these reforms in detail, a bit about ALC.

For those of you unfamiliar with the Australian Logistics Council, we are peak national body representing the major and national companies participating in the freight logistics industry.

ALC has a whole of supply chain focus with membership spanning the major logistics customers, providers, infrastructure owners and suppliers.

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

You will see AFGC's logo up there, and indeed, the companies of a number of speakers here today, including Coles, Woolworths, Metcash and Linfox.

Their membership of ALC reflects their shared commitment to safety and improving supply chain efficiency.

This focus on supply chain efficiency underpins everything ALC does.

When that occurs, all of industry benefits, not just one specific part of the chain.

And more importantly, the Australian community benefits from a more efficient supply chain.

This whole of supply chain approach is critical when you consider Australia's rising freight task which is expected to double from 2010 to 2030 and nearly triple by 2050.

Without an efficient and effective supply chain, all those things people take for granted every day will be less available, and when it is, it will be more costly.

I'll begin my remarks today by discussing what happened at the recent meeting Transport and Infrastructure Council meeting.

The Transport and Infrastructure Council, or TIC, brings together commonwealth, state, territory Ministers with responsibility for transport and infrastructure issues.

High on its agenda at the meeting in Alice Springs was infrastructure and regulatory reform.

The Council noted the establishment of a \$5 billion Asset Recycling initiative, which is aimed at encouraging states to invest in new infrastructure.

Under the scheme, the Commonwealth will provide incentive payments to the States and Territories to privatise assets and reinvest proceeds into productive infrastructure.

The Commonwealth's incentive will be 15 per cent of the assessed value of the proposed asset being sold for capital recycling.

To be eligible for the incentive payment, governments will need to use the proceeds to remove debilitating infrastructure bottlenecks, stimulate construction and drive real activity in the economy.

Part of the rationale for this scheme is to maintain infrastructure investment as investment as the resources sector declines.

ALC has been one of a number of commentators that have urged governments to use the proceeds of asset sales to invest in new assets that will improve productivity in the logistics industry and thus reduce industry costs.

Here in Sydney, the proceeds of Port Botany are going into productive infrastructure, such as West Connex.

The NSW Government has also committed to using the proceeds from the sale of the state's electricity network for major infrastructure projects.

Naturally, ALC would like freight and logistics projects to be prioritised, but with an election in the air, public transport projects are likely also to feature prominently.

The Transport and Infrastructure Council also discussed progressing reforms to heavy vehicle charging and investment.

At the heart of this proposed reform is changing the manner in which revenue is recovered from heavy vehicles for investment in roads.

At the meeting, it was announced that the current Heavy Vehicle Charging and Investment project will terminate.

The project will be progressed by a yet to be determined body.

ALC is on the record as seeking to have this valuable reform advanced in a reasonable timeframe.

We hope the new entity will provide new energy to deliver the task of ensuring that the funds are available to invest in productivity enhancing infrastructure.

The Council also approved recommendations from the National Transport Commission proposing possible changes to the chain of responsibility provisions contained in the Heavy Vehicle National Law.

Yesterday, the National Transport Commission published on its website the final report of the Chain of Responsibility Taskforce, of which ALC was a member.

As has been discussed earlier, CoR means all parties in a supply chain are required to implement positive actions to prevent breaches of the law.

The aim of CoR is to make sure everyone in the supply chain shares equal responsibility for ensuring breaches of road transport laws do not occur.

Three key issues were discussed at last month's ministerial meeting.

First, investigating whether the current general duties under the HVNL should be extended.

This would involve having a broad duty to ensure safety in the workplace, similar to the obligations imposed by occupational health and safety law.

Second, it was recommended that the CoR regime is extended to heavy vehicle standards and roadworthiness.

Third, there was support for the development of prosecution guidelines to provide for the types of matters that should be considered before a prosecution is brought under the HVNL.

This matter however is subject to state and territory justice policies.

The first two recommendations could have significant impact on how you do business.

I urge you to get involved in the consultation process that the National Transport Commission will commence when developing these proposals.

The last recommendation is also important.

The national law needs to be administered in a manner that gives effect to one set of policy priorities.

This national consistency is needed freight chain participants can design work practices that are considered legal in all jurisdictions adopting the Heavy Vehicle National Law.

ALC hopes the National Heavy Vehicle Regulator develops these guidelines as a matter of priority.

Another significant regulatory issue at the national level is COAG's recent decision to include road freight in its campaign to reduce unnecessary regulation in specific business sectors.

A number of different government departments, both state and federal, have asked ALC for examples of red tape that can impact on freight chain efficiency.

I hope that you all take the opportunity to raise with your local (or indeed federal) regulator specific rules that are simply unnecessary.

Alternatively, you can provide examples of inefficient regulation straight to ALC.

It is rare to get the opportunity whinge, and perhaps, win – through the removal of productivity reducing regulation.

It is incumbent on all of us to take this rare opportunity where governments, state and federal, are looking to take away laws and not add to them.

Reducing red tape is a key ALC priority to improve supply chain efficiency in Australia.

For example, ALC has 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.

Both are underway by the Government.

Another priority area for us is action on infrastructure.

ALC strongly supports action on key logistics projects, and I'm pleased there has been movement on major projects such as West Connex and East West Link, and commitments to progress an inland rail freight line and the second Sydney Airport.

Infrastructure spending was the centrepiece of yesterday's state budget, with the Government confirming it intends to build an outer western Sydney orbital motorway.

This road will run from the Central Coast to Illawarra via a corridor west of the M7.

This major project underlines the enormous amount of economic activity in Sydney's west, which is one of the main drivers for an airport at Badgery's Creek.

ALC supports the construction of an airport at Badgery's Creek, and we will continue to advocate for the airport to be a multi-modal hub to cater for growing freight movements and a growing population.

ALC has also 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, such as the Productivity Commission's report into public infrastructure.

The Government is also reforming Infrastructure Australia with legislation currently before the parliament.

The Government has made a number of amendments to the original legislation which in ALC's view has improved the bill, and we therefore believe it should be passed.

ALC has also advocated for measures to improve supply chain efficiency through the development of national and state freight strategies.

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.

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

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.

Before I conclude, I would like to take a few moments to discuss the critical issue of heavy vehicle safety.

As I mentioned earlier, the HVNL has brought with it greater national focus and approach to Chain of Responsibility with most states and territories operating under the new legislative requirements.

A critical issue for industry is ensuring that they are aware of their responsibilities under COR when they control or influence the movement of freight.

ALC's response to the development of the Heavy Vehicle National Law that I discussed earlier has been the development of the National Logistics Safety Code.

The NLSC provides industry with a simple, equitable and effective way to maintain and improve safety and compliance across the entire supply chain under Chain of Responsibility Laws.

A number of industry sectors have developed their own specific code under the NLSC, one of which is the Retail Logistics Supply Chain Code of Practice, or the RLSC.

The RLSC is a voluntary scheme led by industry spanning the breadth of the supply chain.

The Code adopts a risk management approach consisting of a 10 point code of conduct which supports a clear chain of responsibility in freight logistics, involving all parties in the operation, from the supplier and retailer to the carrier and logistics provider.

There are many benefits from joining the RLSC, and a number of supply chain companies here today are active members.

Using a sophisticated audit tool, the RLSC provides signatories with a clear and consistent gap analysis tool, highlighting areas where improvement is needed.

It assists them to determine their level of compliance, and a process to work with their supply chain partners to identify and rectify areas where improvement is needed.

This partnership approach is at the core of the RLSC, with the Code actively encouraging supply chain partners to work together to gain a transparent and consistent view of their compliance with CoR.

Later this year ALC will be holding a Safety and Compliance Summit here in Melbourne to discuss how Chain of Responsibility operates under the Heavy Vehicle National Law.

It will bring the freight logistics supply chain community together to benchmark, share best practice and identify steps to achieve compliance in the supply chain.

If you are interested in how the new law works, and what it may mean for your industry, I encourage you to attend.

Ladies and gentlemen, thank you for the opportunity to bring you up to speed on some of the infrastructure and regulatory issues currently at play in the freight logistics industry.

I congratulate the Australian Food and Grocery Council for including in this seminar all parts of the supply chain, including regulators, customers, transporters and logistics providers.

Having this whole of the supply chain approach is integral to achieving advancements across a range of areas, including safety, productivity and technological improvements.

These improvements strengthen our industry, improve outcomes for the Australia community, and help to reinforce our industry as a key part of the Australian economy.

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