



AUSTRALIAN LOGISTICS COUNCIL

**Speech for Michael Kilgariff
Queensland Transport Infrastructure Conference
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Check against delivery

Thank you, it is a pleasure to be here today at the Queensland Transport Infrastructure Conference.

It has been a big 12 months since we last gathered here in Brisbane to discuss the state's transport projects, policy issues, research findings and best practices.

Obviously a lot has occurred since then.

There has been a tightly fought state election, resulting in a delicately balanced parliament.

There has been some progress, albeit slow, on infrastructure projects at the state and national levels.

And the Queensland economy continues to transition, as the investment phase of large LNG projects starts to wind down and the production and export phase begins.

On this point, I was interested to read recently *CommSec's State of the States report*.

It showed Queensland is stuck in fifth position when ranked against other jurisdictions according to their economic performance.

Now more than ever, the state requires efficient, safe and reliable supply chains to facilitate the smooth flow of goods from production to consumption to boost economic performance.

The Australian Logistics Council is working on behalf of our industry, and the broader Australian community, to achieve this objective.

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

You will be familiar with many of our member companies.

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.

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 500 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.

Here in Queensland, growth in the freight task is equally large.

Queensland's freight task is forecast to increase by 89% between 2010-2011 and 2026.

In raw numbers, it is expected to climb from 871 million tonnes to around 1,700 tonnes in just over 20 years.

These numbers underscore the need for a more focussed approach by policy makers and industry to ensure we have the right infrastructure in place, at the right time, underpinned by national regulations.

Today I will focus on the critical steps needed to boost freight efficiency in Queensland.

The Australian economy is inextricably linked to the health and sustainability of our supply chains.

Modelling from ALC and ACIL Allen shows the logistics industry represents 8.6 % of GDP, and a 1% increase in efficiency in the sector would boost GDP by \$2 billion.

The report provides hard evidence that the logistics industry is critical to every business and consumer in the country, yet it does not get the attention it deserves.

The report also demonstrates that with focus and attention on reform, greater efficiencies can be achieved across the supply chain and all Australians will benefit as a result.

What I'd like to do today is look at some of these issues.

The first is greater certainty for planning for freight.

Queensland's freight volumes are anticipated to grow by more than 70 percent by 2021.

With this figure in mind, there needs to be a long term strategy aimed at creating an efficient freight system that supports the state's continued economic development.

You may be aware the former Government released in 2013 '*Moving Freight - A strategy for more efficient freight movement*'.

The Strategy was generally supported by industry, including ALC, as it provides a solid blueprint to for improve the state's freight network and regulatory settings.

In particular, we support the strategy's focus to get more freight on to rail.

The Strategy identifies the keys to achieving this are through improving freight rail's reliability, investing in infrastructure such as passing loops, and achieving a more appropriate mix between passenger and freight on the network.

ALC has written to Minister Trad to request that she broadly retains the Moving Freight Strategy.

Industry desperately seeks stability in relation to the critical issue of freight planning, not just here in Queensland across the country.

All too often we see new state governments drastically alter, rework or in some cases rip up perfectly good strategies which erodes business confidence and leads to delays in investment.

Land planning, by its very nature, needs to be both long-term and strategic to provide industry with the surety it needs to make business decisions with confidence.

While we appreciate the new Government has its own policy agenda it will seek to implement, by and large we are looking for general continuation of the state's freight strategy.

This includes support for inland rail, which Peter from ARTC spoke about this morning.

Inland Rail is Queensland's Priority Rail Project.

It will provide much needed jobs and it will help meet Queensland's freight task in the future.

The logistics industry is keen for the Queensland Government to provide a strong affirmation of its support for this nation building project.

It is strongly supported by Federal Labor, particularly shadow minister Anthony Albanese, and I trust state Labor is also firmly behind the project.

From ALC's perspective, a key element of this project is the importance of connecting the Port of Melbourne and Port of Brisbane.

Another is ensuring there are appropriate links with the mines of South East Queensland to enhance the quality, efficiency and reliability of freight movement between these key terminals.

The obvious benefit of inland rail is that we can effectively bypass Sydney on the north south route, where passenger trains are afforded priority.

On another level, it provides an alternative rail option when tracks need to close, which occurred only a few weeks ago in the Hunter Valley when major storms battered NSW.

Industry's strong support for this project is highlighted by this ad in the weekend Financial Review.

In an open letter to the Prime Minister, major logistics companies including Asciano, Aurizon, Genesse and Wyoming, Linfox, Qube, SCT and Toll all pledged their support for inland rail.

As the ad says, inland rail is the smart solution to our nation's freight challenges, and the best time to build it is now.

Given the new Government's strong opposition to leasing or privatising state-held assets, it is fair to say it will face a challenge to ensure it has the necessary funds to make significant investments in the freight network.

ALC supports asset recycling as a way to raise funds for logistics infrastructure.

It is working to great effect in New South Wales, and we hope also in Victoria when the Government leases the Port of Melbourne.

In that context, we look forward to working with the Queensland Government to better understand how it will finance new logistics infrastructure, and upgrade existing infrastructure.

The Queensland Moving Freight Strategy is a requirement of the National Land Freight Strategy which outlines the major challenges facing freight facing Australia.

These include:

- ensuring there are long term and integrated plans in place for freight;
- investing in the right infrastructure at the right time;
- improving access, investment and charging arrangements for heavy vehicles; and
- creating better and more consistent regulation.

Up on the screen here, you can see some of the freight maps for Queensland that were developed as part of this initiative.

There has been some movement on these four challenges at both the federal and state level, but by no means is the job done.

There are a number of areas are still crying out for action, including:

- greater certainty on planning for freight
- eliminating overlapping regulations which affect productivity
- ensuring there is a whole-of-supply chain focus on strategic corridors
- greater investment in critical logistics infrastructure

On this last point, I congratulate the Queensland Government on their commitment to establish Infrastructure Queensland.

As you will no doubt hear from Minister Trad this afternoon, Infrastructure Queensland will provide advice to the Government on Queensland's infrastructure priorities.

The body will also create pipeline of priority projects that will be provided to the Queensland Government for consideration.

And perhaps most importantly, it will prepare business cases for infrastructure projects with an estimated cost of \$100 million or above.

ALC is particularly keen to see this initiative progressed.

Governments of all levels need to put in place improved mechanisms to ensure funding is prioritised for infrastructure projects that will deliver maximum productivity benefits.

ALC looks forward to Infrastructure Queensland fulfilling this role, and to ensure funds go to projects that will deliver that much needed 1% improvement in productivity I spoke about earlier.

Another issue ALC is keen for the Queensland Government to support is a reform implemented by the former government in regards to heavy vehicle licences.

The Department of Transport and Main Roads (TMR) recently introduced an online service that verifies the status of a Queensland driver.

ALC supports this initiative.

It's important that transport companies can reconfirm whether employees and contractors have an appropriate and valid heavy vehicle licence for obvious safety reasons.

We have written to all ministers around Australia encouraging them to follow Queensland's lead, and so naturally we hope Minister Trad continues to show national leadership in this area.

On the issue of national leadership, ALC is keen to see the National Transport Commission play a greater role in the area of transport reform.

The NTC is currently being reviewed by the Federal Government to ensure it is meeting its legislative obligations.

For those of you unfamiliar with the NTC, it is an inter-governmental agency that develops and submits reform recommendations for approval to the Transport and Infrastructure Council, or TIC.

TIC is comprised of all federal, state and territory transport, infrastructure and planning ministers.

In ALC's view, the NTC needs to be bolder and more aggressive in its approach to develop and advocate reform options that deliver real benefits for the industry and the broader community.

For example, we would like the body to be granted powers similar to that of the Productivity Commission so as to allow its Commissioners to gather evidence in a manner similar to the PC.

We would also like to see voting protocols at TIC amended, so reform options only require a majority rather than consensus.

And we wish to see the NTC take a whole of supply chain focus on issues, rather than individual modes.

In the longer term, we think it's appropriate that the functions of the NTC are transferred to the National Heavy Vehicle Regulator and the Office of the Rail Safety Regulator.

But both bodies are still in their infancy, and are insufficiently robust to take on the added burden or regulatory reform.

The rationale for these and other changes ALC has proposed to the Federal Government is to get real reform happening that will deliver economic and safety benefits.

One of these real reform areas is the introduction of mandatory telematics in heavy vehicles.

Telematics are essentially devices in heavy vehicles that monitor, track and record the vehicle's movements.

ALC believes it should be mandatory for companies to monitor fatigue and speed using telematics technology.

A number of companies in Australia are successfully using telematics technology to help them monitor vehicle speed and manage fatigue.

But ALC believes this needs to go further.

The use of monitoring systems embracing telematics for compliance purposes should be mandated for heavy line-haul vehicles as part of a company's compliance with their Chain of Responsibility (CoR) obligations.

ALC also believes all jurisdictions should have to adopt identical and nationally consistent regulations so as to reduce duplication and compliance costs.

ALC will be pushing the NTC to investigate compulsory telematics when it concludes its current round of projects, which includes consideration of the issue of heavy vehicle road worthiness.

There has been much focus in recent months about the topic of heavy vehicle roadworthiness.

The issue is a vexed one and attracts a range of arguments on the best way to put in place real and tangible improvements without disproportionately limiting industry's efforts to implement efficiency improvements.

Like all issues of this nature, there is no black or white answer to this policy challenge. Rather, a sensible balance needs to be sought.

ALC is committed to assuring the roadworthiness of heavy vehicles used on Australian roads. It's good for safety, it makes smart business sense, and it reflects positively on the entire freight transport and logistics industry.

ALC believes significant change to the regulatory framework governing heavy vehicle road worthiness needs to be well-thought through, undertaken in close consultation with industry, and done in such a way that prioritises activities that delivers results.

To that end, ALC has provided substantive comment to the NTC in response to a Regulatory Impact Statement it published on proposed changes to heavy vehicle roadworthiness processes.

The NTC and the National Heavy Vehicle Regulator are developing a Heavy Vehicle Roadworthiness Program during 2015 and 2016.

It will set up a national system based upon a risk-based approach with the aim of assuring the roadworthiness of heavy vehicles used on Australian roads.

The Regulatory Impact Statement published recently by the NTC and NHVR proposes four options ranging from taking no action to quite intensive regulation

In our submission, ALC has proposed a series of first practical steps focused on some critical administrative reforms that should be progressed to improve safety and national consistency.

Importantly, we believe these reforms should be implemented before more wholesale legislative changes to the Heavy Vehicle National Law proposed in the RIS are considered.

Some in the industry may argue that legislative changes need to be implemented sooner, and go further than what ALC is proposing. ALC's position is that longer term improvements can only be undertaken after some short term changes are put in place which set a solid foundation for future reform.

More substantive amendments to the Heavy Vehicle National Law can only be considered when there is confidence that any standards produced have quality, and that any standards developed are being interpreted the same way across the country.

ALC is willing to work with regulators on behalf of industry to develop a number of critical documents necessary to underpin any future changes to heavy vehicle roadworthiness processes and procedures.

Potential changes to heavy vehicle road worthiness will be going to the next TIC meeting,

Ladies and gentlemen, I trust I've demonstrated that there is much happening in the freight logistics sector at both the federal and state levels.

And I hope next week's federal budget continues this trend, with funding confirmed for high priority freight logistics projects.

While it obviously takes some time to implement national reforms and new investment frameworks, the ends certainly justify the means.

These and other measures I've outlined today reflect industry's commitment to working with government to improve productivity, efficiency and safety across the entire supply chain.

We do this because freight efficiency matters for all Australians.

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.

Without proper planning and regulations, the amenity of our suburbs, particularly those around intermodal terminals and ports, will suffer.

And without a long term plan for Australia's freight future, we will miss an opportunity to build a stronger national economy.

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