

COMMONWEALTH BUDGET SUBMISSION 2018-19

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ALC MEMBERS

Corporate members



Associates



Strategic partnerships



National sponsors



Honorary fellows

Andrew Ethell, March 2017
Don Telford, March 2016
Ingilby Dickson, March 2015
Ian Murray AM, March 2012

Paul Little AO, February 2011
Peter Gunn AM, February 2011
Ivan Backman AM, May 2010
David Williams OAM, May 2010



RECOMMENDATIONS

The Australian Logistics Council (ALC) appreciates this opportunity to set out key priorities for the freight logistics industry as the 2018-19 Commonwealth Budget is prepared.

ALC RECOMMENDS:

1. The Australian Government provide incentive payments to State, Territory and Local Governments to ensure appropriate planning and environmental outcomes are met.
2. The Australian Government fund a National Transport Corridor Protection Strategy.
3. The Australian Government fund a dedicated Freight Strategy and Planning Division within the Department of Infrastructure and Regional Development.
4. The Australian Government fund the duplication of the rail line to Port Botany.
5. The Australian Government fund dedicated Inland Rail connections to the Port of Brisbane and the Port of Melbourne, and ensure efficient linkages between Inland Rail and the ports of Botany, Kembla and Newcastle.
6. Freight rail projects which also deliver substantial benefits for passenger rail should be eligible to receive funding support through the Australian Government's National Rail Program.
7. Recurrent funding should be available to maintain and update an Industry Code of Practice registered under section 706 of the Heavy Vehicle National Law (HVNL).
8. The Australian Government use existing or additional revenue to further integrate technology and data advances within the freight logistics industry.
9. The Australian Government further refine a new and fair road pricing model and ensure the Australian Competition and Consumer Commission (ACCC) is competently funded to serve as the overall transport and logistics economic regulator.
10. The Australian Government look at trialling urban consolidation centres in Australian central business districts.
11. The Australian Government extend and increase the Rural Aviation Access Programme and create a new grant to fund upgrades at regional aerodromes.
12. The Australian Government assess how the Northern Australia Infrastructure Facility (NAIF) can best be used to improve supply chains in Northern Australia.

INTRODUCTION

ALC welcomes the opportunity to make a submission on the 2018-2019 Commonwealth Budget.

By way of background, ALC is the peak body for Australia's logistics industry. We represent major Australian logistics customers, providers, infrastructure owners and suppliers.

ALC's core focus is to improve the efficiency and safety of Australia's supply chains.

Australia's supply chains do not stop at state borders. While this is stating the obvious, the reality is that Australia's federalist model of government often leads to regulatory inefficiencies that adversely impact the efficient operation of our supply chains.

An efficient and safe supply chain is an essential precondition for boosting national economic growth and generating further employment opportunities.

When considered from this perspective, it becomes clear that the Commonwealth should take a more active role in funding and promoting a nationally consistent approach to the regulation of freight movement.

Of course, good planning policies are the key to securing an effective freight infrastructure network. Accordingly, this submission also examines ways the Commonwealth can leverage its existing powers and capacities to achieve this objective, in the interests of stronger national economic outcomes.

An efficient and safe supply chain is an essential precondition for boosting national economic growth and generating further employment opportunities.





THE FREIGHT TASK

The National Transport Commission has estimated Australia's freight task will grow by 26% over the next decade.¹

The Australian Government must therefore ensure it is investing in initiatives that will permit the nation's freight logistics infrastructure to meet this significant challenge.

Throughout 2017, ALC has undertaken widespread consultation with all parts of the freight logistics industry regarding the contents of the National Freight and Supply Chain Strategy.

In large part, the funding priorities set out in this submission reflect the policies advocated by ALC in *Freight Doesn't Vote* – our final submission to the Inquiry into National Freight and Supply Chain Priorities.

During ALC's consultations on the contents of the National Freight and Supply Chain Strategy, two overwhelming concerns have consistently been raised by industry – the impact of urban encroachment on freight infrastructure, and the increasing challenge of CBD and inner-urban freight delivery.

These issues are particularly challenging for the Commonwealth Government because they are issues ordinarily dealt with by State, Territory and Local Governments.

ALC's budget submission therefore delineates practical ways for the Commonwealth to fund initiatives that will help prevent urban encroachment and improve the efficiency and safety of CBD freight delivery in our rapidly-growing cities.



¹ National Transport Commission, *Who Moves What Where* (2016).



URBAN ENCROACHMENT

Industry has made it clear that freight logistics infrastructure assets must be able to operate 24/7 if the efficiency of Australia's supply chains is to be maximised.

Urban encroachment occurs when planning changes allow land uses to conflict. This occurs most commonly in the logistics industry when residential developments encroach on a fixed logistics asset or freight generation point, such as a port or railway.

The most common political response in these situations is to place curfews or restrictions on the port or railway in order to improve amenity for nearby residences. This is despite the fact that, in almost all occurrences of urban encroachment, residential developments have followed long after the establishment of the port or railway.

CBD AND INNER-URBAN FREIGHT DELIVERY

The growth in CBD traffic congestion – stemming from significant residential and employment growth in inner-city areas – poses significant challenges for freight operators undertaking deliveries in CBD and inner-urban areas.

This will become an increasing issue as consumers ordering goods online, and expecting home delivery, becomes an increasing market norm.

The larger our cities grow, the larger our freight task gets. Accordingly, the Commonwealth Government has a role in adopting policies to support this growing freight task.

Earlier this year, ALC was pleased to provide evidence to the House of Representatives Standing Committee on Infrastructure, Transport and Cities Inquiry into the Australian Government's role in the development of cities. In our submission, ALC looked at issues such as corridor protection, the separation of freight and passenger vehicles and the trialling of urban consolidation centres.²

These issues are highlighted throughout this submission.



² See <http://www.austlogistics.com.au/wp-content/uploads/2017/08/Australian-Government-Development-of-Cities.pdf>.



PRIORITY 1

STATE, TERRITORY AND LOCAL GOVERNMENT INCENTIVE PAYMENTS

ALC supports providing incentive payments to State, Territory and Local Governments to improve planning and environmental outcomes for the freight logistics industry.

In *Freight Doesn't Vote*, ALC took a policy position that:

1. *The Commonwealth should develop criteria to be inserted in any national partnership agreement (or any other form of mechanism used to transfer payments to State and Territories, including City Deals), that require, as a condition of payment:*
 - a. *that planning instruments do not permit land uses precluding transport infrastructure from operating to maximum efficiency, including operation on a 24/7 basis;*
 - b. *clear linkage of road and/or rail infrastructure between employment lands and other clearly identifiable freight generation points and other significant transport infrastructure such as ports, airports and intermodals; and*
 - c. *State and Territory planning, environmental and local government legislation and planning instruments be prepared in such a manner so as to give effect to paragraphs 1(a) and 1(b).³*

Incentive payments were utilised by the Australian Government in the 2017-18 Commonwealth Budget under the line item *Reducing Pressure on Housing Affordability – Western Sydney*.⁴ Through this arrangement, named the Western Sydney City Deal, the Australian Government agreed to offer incentive payments to the NSW Government and relevant Local Governments to support reforms to accelerate housing supply in Western Sydney.

If the Australian Government can provide incentive payments to boost housing supply, then it can similarly use incentive payments to achieve planning and environmental outcomes that boost the supply chain.

Providing incentive payments to State, Territory and Local Governments is the best way to stop urban encroachment. Incentive payments could, for example, reward jurisdictions that use their planning instruments to ensure the establishment of appropriate buffer zones around critical freight infrastructure, such as ports. This will result in positive outcomes for both the freight logistics industry and residential communities.

Incentive payments could similarly be used to encourage relevant authorities to amend regulations and planning policies which prohibit the delivery of freight after-hours, such as curfews, or make the delivery of freight in CBD and inner-urban environments more difficult, such as inadequate on-street loading zones. Very often, such outcomes flow from a lack of adequate experience of freight logistics operations within municipal authorities.

A Freight Strategy and Planning Division in the Department of Infrastructure & Regional Development (see priority 3), staffed with appropriately qualified personnel, would be able to identify these issues and impediments and design appropriate incentive payments.

³ Australian Logistics Council, *Freight Doesn't Vote* (2017): 4 – <http://www.austlogistics.com.au/wp-content/uploads/2013/07/National-Freight-Strategy-Submission.pdf>.

⁴ 2017-18 Commonwealth Budget, Budget Paper 2, p 142.

PRIORITY 2

A NATIONAL TRANSPORT CORRIDOR PROTECTION STRATEGY

Corridor protection is vital to ensuring the freight logistics infrastructure of the future is affordable for the Australian Government.

Infrastructure Australia noted the importance of corridor protection, and the role that the Australian Government should play in effective corridor protection, in their 2016 *Australian Infrastructure Plan* when they said:

The implementation of a national approach to corridor preservation will ensure Australia's governments can deliver critical future infrastructure projects that would otherwise be prohibitively expensive.

A national corridor preservation strategy should feature:

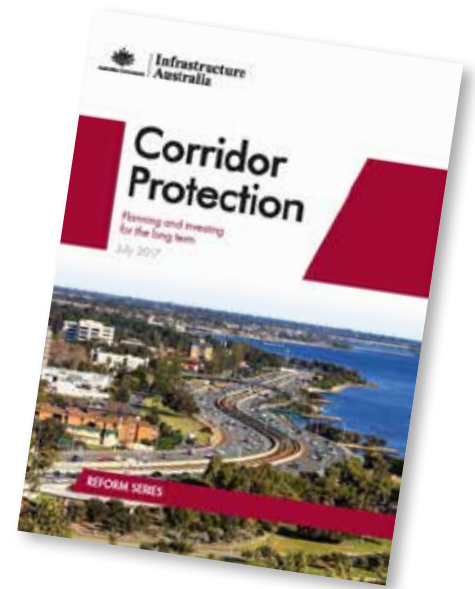
- » *Strategic planning and project development to define long-term infrastructure needs (ideally a 50 year timeframe) and identify the necessary corridors;*
- » *Stable and independent governance to ensure that the identification, protection and funding of corridors is undertaken in an objective manner, which balances the need to address nearer term priorities with the long-term interests of the community; and*

- » *Shared financial responsibility between the Australian Government and jurisdictions so as to minimise the risk of individual governments failing to preserve corridors or renegeing on agreements.⁵*

In its 2017 report, *Corridor Protection: Planning and investing for the long term*, Infrastructure Australia found that close to \$11 billion (in 2016 dollars) could be saved on land purchases and construction costs on seven corridors identified as national priorities on the Infrastructure Priority List.⁶

Five of the seven projects identified will improve the efficiency of freight delivery in Australia. This includes a future freight rail connection to the Port of Brisbane. Up to \$66 million in potential savings could be realised on this project with appropriate corridor protection.⁷

A National Transport Corridor Protection Strategy would not only enable the Australian Government to adequately identify future transport corridors for protection, but also begin to implement policies to protect these corridors. These policies include the acquisition of land and the protection of corridors from urban encroachment.



Furthermore, the Corridor Protection Strategy would also identify particular sites to be preserved for the construction of intermodal terminals and warehousing precincts. The construction of such facilities will be critical to addressing road congestion in Australia's major cities in the years ahead.

⁵ Infrastructure Australia, *Australian Infrastructure Plan* (2016): 158 - http://infrastructureaustralia.gov.au/policy-publications/publications/files/Australian_Infrastucture_Plan.pdf

⁶ Infrastructure Australia, *Corridor Protection: Planning and investing for the long term* (2017): 4 - <http://infrastructureaustralia.gov.au/policy-publications/publications/files/CorridorProtection.pdf>

⁷ Infrastructure Australia, *Corridor Protection: Planning and investing for the long term* (2017): 5 - <http://infrastructureaustralia.gov.au/policy-publications/publications/files/CorridorProtection.pdf>

PRIORITY 3

COMMONWEALTH FREIGHT STRATEGY AND PLANNING DIVISION



ALC has long argued that the Australian Government should take a larger role in coordinating the nation's approach to planning. This is the only way we can ensure that points of freight generation, such as ports, are not affected by urban encroachment and that future transport corridors and freight consolidation sites (such as intermodal terminals) are located strategically, thus improving the efficiency of the nation's supply chains.

For this to occur, the Australian Government must play a greater leadership role. One way this can be achieved is through the establishment of a dedicated Freight Strategy and Planning Division within the Department of Infrastructure and Regional Development.

As planning, infrastructure development and freight supply chains are technical and specialised areas of expertise, the Freight Strategy and Planning Division must be adequately funded to ensure appropriately qualified personnel are employed within the Division.

This Division would also be responsible for administering the incentive payments regime listed in priority 1.

URBAN ENCROACHMENT – CASE STUDY

RESIDENTIAL NOISE COMPLAINTS FORCES RELOCATION OF AUSTRALIAN BORDER FORCE FACILITY

Australian Border Force (ABF) – the agency responsible for enforcing border security at Australia's air and sea ports – currently occupies industrial land on Denison Street, Hillsdale in Sydney. Land adjoining this facility was rezoned from 'industrial' to 'residential' land in 2013, resulting in the construction of high-rise residential development.

Subsequently, residents who moved into the new development began making noise complaints about barking dogs. The dogs in question are housed in dog kennels at ABF's Denison Street facility, and are obviously essential to the organisation's day-to-day operations.

Partly as a result of these consistent noise complaints, the ABF facility is now in the process of being relocated to land within a more industrial precinct.

PRIORITY 4

PORT BOTANY RAIL DUPLICATION

With a commitment to build Inland Rail included in the 2017-18 Commonwealth Budget, it is now time for the Australian Government to fund duplication of the rail line to Port Botany.

This project is currently listed on Infrastructure Australia's Infrastructure Priority List as a 'High Priority Initiative'.⁸

By 2040, Port Botany is estimated to have a container throughput of 7 million twenty-foot equivalent units (TEU). This is three times the 2.29 million TEU container throughput achieved by Port Botany in 2015.⁹

With the expected increase in container throughput, as well as the benefits of moving more freight onto rail, the Port Botany rail duplication should be a priority for the Australian Government because the economic benefits of the project will be felt well beyond the confines of NSW.

Accordingly, the Australian Government should make funding this much-needed piece of freight infrastructure a priority in the 2018-19 Commonwealth Budget, and work with the NSW Government to ensure the Port Botany rail line is duplicated as soon as possible.



⁸ See www.transport.nsw.gov.au/projects/current-projects/duplication-of-botany-rail-line.

⁹ See www.transport.nsw.gov.au/projects/current-projects/duplication-of-botany-rail-line.

PRIORITY 5



MAXIMISE THE BENEFITS OF INLAND RAIL

To fully unleash the benefits of Inland Rail, the line must run to the ports of Melbourne and Brisbane, and comprise efficient rail linkages to the ports of Botany, Kembla and Newcastle in New South Wales.

On current designs, Inland Rail will terminate at Acacia Ridge, approximately 30km south-west of the Port of Brisbane.

Understandably, linking Inland Rail to the Port of Brisbane will improve the efficiency of freight delivery, with goods destined for the port not having to be loaded from rail to truck, or onto a shuttle rail (such as on the Beenleigh and Cleveland lines) at Acacia Ridge.

There are also safety and environmental benefits to improving the amount of freight delivered to ports by rail.

In much the same way as Brisbane, Inland Rail must efficiently connect with the Port of Melbourne.

ALC is therefore calling on the Australian Government to fund:

- » Inland Rail connections to the Port of Brisbane and the Port of Melbourne; and
- » A review of existing rail linkages to the ports of Botany, Kembla and Newcastle to ensure these ports have efficient rail linkages to Inland Rail and regional New South Wales.



PRIORITY 6

FUNDING FREIGHT RAIL THROUGH THE NATIONAL RAIL PROGRAM

ALC believes that moving more freight onto rail will help to reduce congestion on the roads, improve amenity in our cities and reduce carbon emissions.

The *National Rail Program* is a \$10 billion rail investment program designed to improve passenger rail networks in Australian cities.

This investment will occur over 10 years and includes \$600 million budgeted in the 2019-20 and 2020-21 financial years.¹⁰

As a starting principle, no Commonwealth money should be provided to any urban or inter-urban passenger rail project if it will adversely impact any freight rail service.

While specific projects are yet to be identified, the *National Rail Program* is targeted at improving passenger rail connections to and from large cities.

ALC advocates that a freight rail project, which also delivers substantial benefits to passenger rail, should be eligible for funding through the *National Rail Program*.

Directly, this could include investment in rail lines which carry both passenger and freight rail, such as the Melbourne-Adelaide line and the Sunshine Coast rail line.

Indirectly, this could include funding for rail infrastructure to separate passenger and freight rail lines. The Inland Rail project is an example of how a dedicated freight rail line can ease congestion on passenger rail lines, notably in Sydney.

Placing freight and passenger rail onto separate lines delivers clear benefits for both, especially in heavily populated urban areas where rail network congestion is especially acute.

The *National Rail Program* should also be used as an opportunity to enhance the efficiency of rail freight networks through making more effective use of technology.

Accordingly, projects such as facilitating the harmonisation of digital train/network management systems – similar to the Australian Rail Track Corporation's Advanced Train Management System – should also be considered for funding under the *National Rail Program*.



10 2017-18 Commonwealth Budget, Budget Paper 2, p 133.

PRIORITY 7

FUNDING TO MAINTAIN A REGISTERED INDUSTRY CODE OF PRACTICE

The Australian Government, through the National Heavy Vehicle Regulator (**NHVR**), is currently funding the development of Industry Codes of Practice to be registered under section 706 of the Heavy Vehicle National Law (**HVNL**) from funding made available as a result of the abolition of the Road Safety Remuneration Tribunal in April 2016.

Once registered, these Codes will establish standards and procedures for the heavy vehicle industry to follow to ensure they meet their obligations under the Chain of Responsibility (**CoR**) requirements contained in the HVNL.

The aim of these Codes is to make the heavy vehicle industry safer, thus improving the safety of Australian roads.

In 2017 the Transport and Infrastructure Council approved a proposal for ALC and the Australian Trucking Association to develop a Master Code that will cover most, if not all, of the risks associated in operating a heavy vehicle, namely speed, fatigue, vehicle standards and maintenance, and heavy vehicle mass, dimension and loading.¹¹

The Government has quite appropriately understood that an industry maintained registered Code of Practice is an essential tool for use by freight chain participants so they may design their own safety management systems to control the risks that exist in their businesses in a way that should ultimately lead to the safer movement of freight on Australia's roads.

A funding pool has not yet been announced for the maintenance of registered Industry Codes of Practice.

To ensure the registered Industry Codes of Practice can be updated and maintained when required, ALC calls on the Australian Government to allow the NHVR to provide funding when these Codes are required to be updated.



¹¹ These codes are being developed by a company jointly formed by ALC and the Australian Trucking Association known as Safe Trucking and Supply Chains Limited.

PRIORITY 8

TECHNOLOGY, DATA AND THE FREIGHT LOGISTICS INDUSTRY

The advancement of technology and the ability to capture more and more data has the potential to greatly improve the efficiency and safety of Australia's supply chains.

Knowing where and when freight vehicles are moving, for example, can help policy makers to better plan and prioritise infrastructure investments, such as road upgrades, the construction of truck stops and the installation of other road safety equipment, including traffic signals.

New technologies can also aid regulatory compliance with the Australian Road Rules and the Heavy Vehicle National Law.

In *Freight Doesn't Vote*, ALC took a policy position that:

1. *The Australian Government identify ways it can assist small and medium sized logistics service providers adopt global data standards in Australian supply chains;*
2. *The Australian Government should work with industry to promote the benefits of adoption of global data standards through industry research and awareness programs and promotion of the value of global data standards in Australian supply chains;*
3. *The Bureau of Infrastructure, Transport and Regional Economics (BITRE) should continue to compile their data on freight movements in Australia (known as the Road Freight Telematics Pilot Study);*
4. *The Australian Government, through BITRE, should compile a National Freight Performance Framework, including indicators such as road access and land use/encroachment;*
5. *The Australian Bureau of Statistics (ABS) should develop a Transport Satellite Account; and*
6. *An inquiry should be established exploring the best manner by which data for regulatory purposes such as road pricing and heavy vehicle safety information can be collected and used.¹²*

These policies should be supported by the Australian Government and funded, with existing or additional revenue, in the 2018-19 Commonwealth Budget.



¹² Australian Logistics Council, *Freight Doesn't Vote* (2017): 4, 5 – www.austlogistics.com.au/wp-content/uploads/2013/07/National-Freight-Strategy-Submission.pdf.

PRIORITY 9

THE ROLE OF THE ACCC IN THE FREIGHT LOGISTICS INDUSTRY

ALC supports the ACCC as the independent regulator if the Australian Government adopts a new road pricing model for heavy vehicles.¹³

In *Freight Doesn't Vote*, ALC stated:

*...the ACCC be properly resourced, both with funding and personnel possessing actual expertise in logistics, enabling it to discharge its duties effectively, cognisant of the many specialist and complex issues relevant to the freight logistics industry.*¹⁴

This is particularly critical at a time when the ACCC is taking an interest in regulating logistics infrastructure such as ports and may, in the future, have a role in examining pricing arrangements for toll roads developed under agreements between governments and private entities.¹⁵

There are many specialist and complex issues at work in the operation of supply chains and logistics infrastructure. Furthermore, the freight logistics industry isn't an industry that can easily correlate with energy or communications regulation, areas that the ACCC already regulates.

Further regulating the freight logistics industry will require a bespoke approach. Any regulatory role played by the ACCC in the freight logistics sector must be fit-for-purpose.

With this in mind, the Australian Government should satisfy itself that the 2018-19 Commonwealth Budget provides adequate funding for the ACCC to perform these roles.

This could include, for example, funding a Specialist Commissioner, as well as a specialised team, within the ACCC to deal with the economic and regulatory issues involved in the freight logistics industry.



¹³ See www.austlogistics.com.au/wp-content/uploads/2017/07/ALC-Submission-to-the-Land-Transport-Market-Reform-Group.pdf

¹⁴ Australian Logistics Council, *Freight Doesn't Vote* (2017): 7 – <http://www.austlogistics.com.au/wp-content/uploads/2013/07/National-Freight-Strategy-Submission.pdf>.

¹⁵ Australian Logistics Council, *Freight Doesn't Vote* (2017): 5 – <http://www.austlogistics.com.au/wp-content/uploads/2013/07/National-Freight-Strategy-Submission.pdf>.



ROAD PRICING REFORM IN AUSTRALIA

Road pricing reform is strongly supported within Australia's freight logistics industry.

Advances in technology, such as GPS tracking, now make it easier than ever to monitor vehicle use.

As such, it is imperative that we move to a fairer, more efficient road pricing and investment model where road users pay according to where and when they travel. It is important to note that to be truly effective, road pricing reform will eventually have to apply to all vehicles – not just heavy vehicles.

Pricing and investment reform for heavy vehicles must also be linked to improving the overall productivity and efficiency of freight transport, by ensuring infrastructure funded through new road pricing models meets the requirements of freight operators.

As noted by the Chairman of the ACCC, Mr Rod Sims at ALC Forum 2017, it is clear now that fuel excise is no longer raising sufficient revenue to support the road network of a 21st century economy.

In ALC's experience, this is the widespread view across industry and government.

The exact detail of a new road pricing model is beyond the scope of the 2018-19 Commonwealth Budget process. However, ALC was pleased to see the last Transport and Infrastructure Council meeting approve the commencement of a Regulatory Impact Statement to assess implementation options for independent price regulation of heavy vehicle charges.¹⁶

The Australian Government is also now working through the implementation options for phase 2 of Heavy Vehicle Road Reform. This includes the National Heavy Vehicle Charging Pilot and the Business Case Program for Location-Specific Trials.

A concern for the freight logistics industry is that revenue raised by charges imposed on heavy vehicles is not being used to support the development and maintenance of freight infrastructure. Rather, this revenue is being diverted to other government spending priorities.

To maintain the confidence of industry, it is essential that road pricing and investment reform models are transparent and linked to clear infrastructure investment plans.

ALC strongly supports the principle that any revenue raised from road pricing should be hypothecated to pay for road upgrades and maintenance. ALC does not support a new road pricing model that uses road pricing as a demand management tool, where revenue from road charges can be used fund other government priorities.



¹⁶ Transport and Infrastructure Council, *Communique*, Friday 10 November 2017.

PRIORITY 10

URBAN CONSOLIDATION CENTRES

An urban consolidation centre is a logistics facility or warehouse located close to a major city. It allows for freight to be consolidated prior to delivery.

Industry has expressed the view to ALC that urban consolidation centres can help to improve the efficiency of freight delivery. In these centres, freight is consolidated, meaning that fewer trucks can take more efficient routes when delivering freight in CBD and inner-urban environments.

The Australian Government has a role in delivering urban consolidation centres by ensuring adequate planning protections are in place to allow these centres to be trialled. This should be done by using incentive payments (see priority 1).



PRIORITY 11

RURAL AVIATION ACCESS PROGRAMME

The Australian air freight market is vital to our economy. While air freight makes up about 0.1% of Australia's freight task by weight, it accounts for more than 21% of the value of Australian freight.

Air freight can also play a critical role in moving time sensitive freight, such as fresh food or medical supplies, to and from Australia's regional and rural areas.

In conjunction with the Australian Airports Association (**AAA**), the Royal Flying Doctor Service (**RFDS**) and the Regional Aviation Association of Australia (**RAAA**) ALC supports extending the Rural Aviation Access Programme (**RAAP**) for a further four years, and increasing the value of this grant to \$15 million a year.

This funding supports remote aviation services that are not commercially viable but are essential for the social and economic wellbeing of the communities they support.¹⁷ This includes upgrading a runway or improving lighting at a remote aerodrome.

Such upgrades increase the efficiency and safety of Australia's supply chains.

ALC, AAA, RFDS and RAAA also support the creation of a new grants program, similar to the RAAP, which would allow other regional centres (such as Moruya and Biloela) to apply for funding. Funding for this new grant should be set at \$25 million per year.



¹⁷ See https://infrastructure.gov.au/aviation/regional/files/RAAP_Consolidated_Program_Guidelines_2015.pdf



PRIORITY 12

NAIF AND THE SUPPLY CHAIN

In the 2015 Federal Budget, the Commonwealth Government announced the Northern Australia Infrastructure Facility (NAIF) – a \$5 billion concessional loan facility to encourage and complement private sector investment in infrastructure such as ports, roads, rail, pipelines, and electricity and water supply.

ALC believes that ensuring the efficiency of supply chains in Northern Australia is a vital economic imperative, both to meet the needs of a growing population in the region and to drive export performance.

The NAIF should support the highest priority projects that provide a rigorous, rational basis for enhancing prosperity and growth in Northern Australia. This includes the development of critical freight infrastructure, especially in relation to port capacity and freight rail.

Foreign investment will also play a critical role in the development of freight infrastructure in Northern Australia, as confirmed by significant investments such as that made by the Landbridge Group at the Port of Darwin.

It is essential that the NAIF selection process recognises this when making decisions about supporting particular projects. Investment decisions must be made on the basis of long-term economic need, not on the basis of short-term debates about appropriate foreign investment levels.

In order to ensure the NAIF is meeting its objectives, ALC supports funding a review of its operation. In particular, this review should consider whether the “application driven” nature of the NAIF is leading to optimal public investment decisions.

Further, ALC suggests that NAIF, or the existing infrastructure budget, be used to fund:

1. A business case for a future Mount Isa to Tennant Creek rail link; and
2. The upgrade of the Tanami Road from Halls Creek through to Alice Springs,¹⁸ where 78% of the road is currently unsealed.¹⁹



¹⁸ Australian Logistics Council, Freight Priorities In Northern Australia (2017) www.austlogistics.com.au/wp-content/uploads/2017/09/NFSCS-Supplementary-Northern-Australia-21-Sept-2017.pdf p 5

¹⁹ Australian Trucking Association, Inquiry into National freight and Supply Chain Priorities (2017) https://infrastructure.gov.au/transport/freight/frieght-supply-chain-submissions/Australian_Trucking_Association.pdf p 12.

