

ALC Forward Focus & Forum 2022

Over the last three years, the resilience of Australians has been severely tested. Meeting challenge after challenge and adapting as businesses adjusted to a new paradigm, nowhere was this more evident than for those working across freight, logistics and supply chains.

Regardless of your postcode, all Australians have to some extent experienced the impacts of a global pandemic, extreme bushfires and devastating floods. These challenges, compounded by port shutdowns, geo-political tensions and war in Ukraine, have tested global supply chains, like never before, and our own domestic systems have been put in the spotlight.

Our freight and logistics sector is significant. The sector employs nearly 1.2 million people across supply chain and transport activities and contributes more than \$140 billion to Australia's economy every year. The sector moved highly valued export goods worth \$475 billion in 2019 to markets across the world. Each year our infrastructure operators, transport companies and logistics teams deliver about 4 billion tonnes of goods across Australia - that is 163 tonnes of freight for every person.

The terms 'supply chain' and 'sovereign risk' have become more common in our daily conversations. The increased demand throughout the pandemic has heightened awareness of the significant impact the people who work in the freight and logistics supply chain have on our every-day lives and economic prosperity. The vulnerability of our industry to global events has been highlighted further in recent months with shortages of diesel exhaust fluid AdBlue, pallets and a global scarcity of shipping containers.

As we emerge from these back-to-back challenges, the freight and logistics industry in Australia is re-setting its priorities as we look once again to the future. Total freight volumes carried across our networks are expected to grow by over 35 per cent in the next 20 years to 2040, with Australia's urban freight task alone expected to grow by 60 per cent.

Our priorities for the next Australian Government are clear, and they are underpinned by a national approach to strengthening our supply chains and their end to end resilience. It is critical we implement the learnings from the pandemic through the National Freight and Supply Chain Strategy, adopt a strategic end to end systems approach to building our rail freight capacity to help drive modal shift from road to rail. Ensuring we enable industries net-zero transition, addressing critical skills gaps and labour shortages whilst implementing a sustainable road user charge to fund government infrastructure investment.

Our industry is stepping up the focus on improving the end-to-end efficiency, productivity, safety and resilience of the supply chain systems our national economy relies on. We are

working to make the most of emerging technology and data, with a dedication to driving end to end efficiency and productivity.

We are leading with an increased focus on adapting to climate change and making a step change in emissions reduction. The economic weight of Australia's transport sector unsurprisingly equates to a large contribution to carbon emissions. The industry is committed to a decarbonisation agenda, that includes electrification of our fleets, alternative fuels for air, sea and rail as well as renewable energy across our terminals and warehouses.

Australia is one national economy, any approach to improve regulation, planning and investment should be through a national perspective. We cannot enhance regulations, improve planning and better inform investment priorities without looking across the whole system.

National coordination is required more than ever, to overcome any complacency or inertia in the system, and ensure a focus on the best end-to-end outcomes for Australia. Coordination between the public and private sectors, similar to the coordination experienced with the International Freight Assistance Mechanism (IFAM). This public policy measure provided more than \$1 billion to keep airfreight moving, supported Australian producers and growers to keep exporting, when airfreight capacity disappeared alongside travel bans and border closures.

Border closures not only impacted goods traditionally moved in the cargo holds of passenger planes, but also the global movement of talent. The freight and logistics industry was already facing tough competition for skills, seeking in-demand recruits with analytics skills and cyber experience. As industry has sought to increase the resilience of the end-to-end system, with a laser focus on identifying and protecting critical infrastructure, there is an even greater need for these skills.

We must take a system wide approach to improve planning, better inform investment priorities and reduce regulatory impost. The Australian Logistics Council provides the forum for users and end-to-end systems providers to work together to meet these challenges and embrace the opportunities ahead. The post-election environment will be a critical opportunity to participate in the decision making debate, with a world-class line-up of industry leaders and speakers at ALC Forum 2022.

We are in a race to meet the coming freight task, a growth challenge and opportunity, I invite you to join us on the race to 2040, which we believe underpins the need to act today, if we want to shape tomorrow's supply chain.

Philip Davies

Chair

Australian Logistics Council

Snapshot bio:



Philip Davies is the Chair of the Australian Logistics Council and a Partner with Deloitte.

He is a Chartered Professional Engineer, a Fellow of Engineers Australia and a Fellow of the Australian Institute of Company Directors.