AUSTRALIAN LOGISTICS COUNCIL
SUPPLY CHAIN EFFICIENCY AND SAFETY

FREIGHT DOESN'T VOTE

SUBMISSION ON THE DISCUSSION PAPER FOR THE INQUIRY INTO NATIONAL FREIGHT AND SUPPLY CHAIN PRIORITIES

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FREIGHT DOESN'T VOTE – A PREFACE

Although the fact that 'freight doesn't vote' has long been viewed as a significant barrier to improving supply chain efficiency and safety, there is good reason to think that this situation is finally changing.

In some respects, supply chains are not unlike energy supplies - they are largely taken for granted when they work well, and the public at large comes to feel the systems that sustain a regular energy supply 'look after themselves'.

Yet when there are interruptions to those systems, or when the cost of using them rises exponentially, the impact is significant and immediate, in both an economic and a personal sense.

It is this latter factor – the personal inconvenience and personal cost – that makes energy such a politically potent issue today. When consumers experience a direct personal impact, they demand action.

The growth of e-Commerce over the past two decades has 'personalised' the experience of freight for an increasing number of Australians – even if they don't necessarily understand the complexity of the issues involved in freight movement.

Those who order products online for home delivery and then experience delays or additional costs in getting items to their door are experiencing something of the frustration that has beset freight logistics operators for many years.

Because of this, more Australians than ever before are aware of just how important it is to have efficient supply chains, if only in a personal sense. This personal experience is in effect a microcosm of the importance of supply chain efficiency and safety to Australia's overall economic performance.

When freight is able to move efficiently, there are benefits for freight logistics operators, for consumers and for the economy alike.

The reverse is also true – delays and inefficiencies in the supply chain don't just hurt freight logistics operators. They force consumers to pay higher prices, and ultimately act as a handbrake on economic and employment growth.

That is why the National Freight and Supply Chain Strategy is such a significant national economic initiative. This is not simply a 'niche' Strategy designed to serve the interests of one particular industry. After all, freight serves all industries – and thus, a more efficient freight logistics sector means more efficient industries across the board.

Unless action is taken to secure the efficiency and safety of our supply chains today, the negative consequences will prove a major headache for policy-makers in the decades to come. Moreover, corrective policy action in the future will prove vastly more costly than taking the time to get the policy settings right today.

Accordingly, developing a National Freight and Supply Chain Strategy should be about making sure the nation's supply chains are sufficiently equipped to deal with the needs of an economy being transformed by population growth, by technological change and by the changing behaviour of ever-more discerning and empowered consumers.

Moreover, given the importance of exports to Australia's continuing economic performance and employment growth, becoming a world leader in supply chain efficiency is not merely desirable, but essential.

Although it may be true that 'freight doesn't vote', consumers and job-seekers most certainly do.

RECOMMENDATIONS

PLANNING AND ENCROACHMENT ISSUES

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 States and Territories, including City Deals agreements) 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 the outcomes set out in paragraphs (a) and (b).
2. The Council of Australia Governments (COAG) to develop a finalised National Transport Corridor Protection Strategy that contains clear objectives as to what such a Strategy is to achieve, by no later than 31 December 2019.
3. The Commonwealth establish a dedicated Freight Strategy and Planning Division within the Department of Infrastructure and Regional Development with appropriately qualified personnel (including, in particular, skills and experience in planning, and the operation of national freight supply chains).
4. Governments (at all levels) should support the preservation of potential intermodal terminal sites, and ensure proper planning for future road and rail connections.
5. Governments should support accelerated investment plans for intermodal terminals, including work towards integrating freight rail and logistics freight hubs.

TECHNOLOGY AND DATA

6. A project should be developed to identify any technological or competition law impediments preventing the transfer of non-proprietary data so as to improve the flow of freight down a freight chain.
7. As a matter of priority, proceed with the development of a 'single window' system for the exchange of information at ports, suitable for the Australian environment.
8. That work on the National Policy Framework for Land Transport Technology is appropriately resourced so increased uptake in technology is not frustrated by unnecessary or outmoded regulation.
9. The Australian Government identify ways it can assist small and medium sized logistics service providers adopt global data standards in Australian supply chains.
10. 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.
11. The Bureau of Infrastructure, Transport and Regional Economics (BITRE) should continue to compile their data on freight movements in Australia.

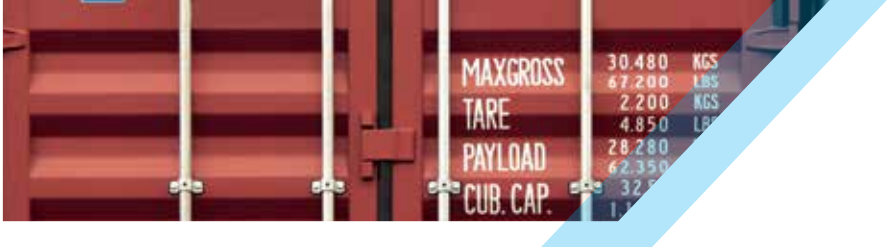
12. The Australian Government, through BITRE, should compile a National Freight Performance Framework, including indicators such as road access and land/use encroachment.
13. The Australian Bureau of Statistics (ABS) should develop a Transport Satellite Account.
14. Continue the co-operation of federal and state government agencies, as well as proactive engagement with the private sector, to ensure consistent legislative and regulatory changes are made across Australia so as to allow the trialling, and then commercial sale, of Connected and Autonomous Vehicles (CAVs) across Australia that are fit for the Australian environment.

ROAD

15. Work on developing a road pricing model adopting a forward looking (lifecycle) cost base for vehicles, with an appropriate entity - preferably the Australian Competition and Consumer Commission (ACCC) - playing the role of an independent economic regulator, should be expedited.
16. Industry should be formally involved in the development of any road pricing model prior to the publication of a consultation regulatory impact statement (RIS), so as to ensure workability.
17. Prior to that, the principles guiding the development of the road pricing model be clearly articulated as early as possible.
18. Any community service obligations placed on road owners by government be funded from general government revenues and not from any new road user charge.
19. An inquiry should be undertaken to determine whether the pricing arrangements for toll roads developed under agreements between governments and private entities should be subject to supervision from an entity such as the ACCC.
20. The road access provisions of the Heavy Vehicle National Law should be reviewed to identify and enact improvements to the system so as to improve consistency and speed in decision making.
21. The Inquiry should recognise the National Heavy Vehicle Regulator (NHVR) does not currently have the authority to enforce common approvals or to require jurisdictions to approve permits – and identify possible solutions.
22. State and territory jurisdictions should recommit to adopting a consistent national model for the regulation of heavy vehicles.
23. 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.

RAIL

24. The Inland Rail project proceed so as to ensure a fully integrated capacity to move freight seamlessly between the Port of Brisbane and the Port of Melbourne (including preserving the corridor for the future alternative freight rail corridor to the Port of Brisbane), as well as the development of inland rail hubs to encourage efficient rail connections between these hubs and the NSW ports of Newcastle, Port Botany and Port Kembla.
25. The Inquiry should recommend greater government focus and investment in the use of port shuttle/short haul rail infrastructure as a means to improve supply chain efficiency and reduce congestion.
26. Governments (at all levels) should ensure rail access to major ports.
27. As a matter of urgency, funding should be provided for the duplication of the freight rail line at Port Botany.



28. Work on the National Rail Vision should be expedited, with a view of establishing a national freight rail policy by no later than 31 December 2019.
29. The issue of track separation should be given heightened importance in the development of any such national freight rail strategy.
30. Freight rail projects which also deliver substantial benefits for passenger rail should be eligible to receive funding support from the Commonwealth Government's *National Rail Program* for rail projects in urban areas.
31. The Commonwealth should provide additional investments to facilitate the harmonisation of digital train/network management systems.
32. The Inquiry should recommend governments move towards standard gauge conversion, where possible, when considering rail freight network enhancements.

MARITIME

33. An audit should be conducted on the adequacy of the shipping channels maintained for current Australian ports.
34. A cost-benefit analysis should be conducted on Australia's present coastal shipping regime – particularly whether the changes made by the *Coastal Trading (Revitalising Australian Shipping) Act 2012* delivered the desired outcomes.

AIR FREIGHT

35. Current laws relating to curfews on aircraft movements at Australian airports should be reviewed.
36. The Inquiry should reaffirm the view that responsibility for collecting GST for low value imported goods should be collected by overseas vendors and not by air freight operators or registered air cargo agents.

CBD FREIGHT DELIVERY

37. The Commonwealth Government examine opportunities to support the trialling of urban consolidation centres in Australia.
38. Investment in infrastructure allowing access from distribution centres to CBDs, such as 'Truckways', truck only lanes, or some other form of freight-only infrastructure should be considered to improve freight delivery and decrease congestion and emissions in high demand environments.
39. The Inquiry should recommend a formal review designed to identify regulations and practices (such as curfews) that preclude the essential delivery of freight in inner-urban environments.
40. The Inquiry endorse Infrastructure Australia's (IA) recommendation that governments should establish targeted investment programs focused on removing first and last mile constraints across the national freight network – and expand upon it by recommending governments also focus on particular sections of a freight corridor where speed or capacity restrictions inhibit the efficient movement of freight.

THE ROLE OF THE ACCC

41. The Inquiry should recommend 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.

INTRODUCTION

The Australian Logistics Council (ALC) is pleased to make its final submission to the Inquiry into National Freight and Supply Chain Priorities (the Inquiry).

By way of background, ALC is the peak national body representing the major and national companies participating in the freight logistics industry, with a focus on national supply chain efficiency and safety.

WHY DO WE NEED A NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY?

The lived experience of Australian society over recent decades points to increasing levels of urbanisation. Effectively, this means we are trying to do more in a limited physical space.

In particular, a resurgence in the desirability of inner-city living, coupled with rapid rates of population growth, have conspired to present some urgent challenges for our freight logistics industry.

The essential items which most Australians take for granted in everyday life – food to eat, household appliances, clothing, medications and automobiles to name just a handful – are generally not grown or manufactured close to the places where most of us live.

These commodities must be transported from their point of origin to the retailers from which we purchase them, or otherwise delivered directly to our doorsteps from ports, freight depots or warehouses.

Yet, as we create more populous cities, it is fast becoming apparent that our existing planning regimes and approaches to development fail to adequately prioritise the movement of freight.

The congested state of many major freeways and key arterial roads, as well as traffic gridlock within cities themselves, is a constant source of annoyance for many Australians. However, more than simply being an irritation, these problems are symptomatic of a far deeper issue.

Capacity constraints in the road network are not only a problem for motorists – they also impose significant costs on the freight logistics industry.

The disruption to the supply chain that occurs because of road congestion, as well as capacity issues afflicting ports, airports and rail freight facilities all have an impact on the cost of moving freight – and ultimately, the prices paid for goods by Australian consumers.

Indeed, congestion on our roads alone is already costing the Australian economy some $16 billion a year. Without remedial action, that cost is projected to rise to more than $50 billion a year.[1]

With the National Transport Commission projecting Australia's freight task will grow by 26% over the next decade,[2] it's clear that unless corrective steps are taken quickly, the safety and efficiency of Australia's supply chains are at enormous risk.

A NATIONAL ECONOMY NEEDS A NATIONAL APPROACH

Australia's supply chains do not stop at state borders. Our economy is national – and accordingly a nationally consistent approach to infrastructure and the regulation of freight movement is required.

ALC members have long held the view that a national economy should be managed by the national government. This includes the responsibility for the development of the infrastructure and regulatory settings necessary for the Australian supply chain to operate safely and efficiently.

In many circumstances, the Australian Government has encouraged the development of individual pieces of infrastructure through financing. However, many of the decisions relating to the planning and delivery of such projects are made by state and/or local governments. This is the reality of the Australian federal structure.

That said, recent policy initiatives of the Australian Government, including the formation of an Infrastructure Financing Unit within the Department of Prime Minister and Cabinet, appear to indicate a desire on the part of the Commonwealth to become more active regarding infrastructure and planning issues.

It is vitally important such policy measures be used to engender more consistent outcomes, and not add to the complexity of infrastructure development.

1 Australia's Economic Future: An Agenda for Growth, CEDA, June 2016 (p. 42) - http://adminpanel.ceda.com.au/FOLDERS/Service/Files/Documents/30867~CEDAAEFJune2016Final.pdf

2 *Who Moves What Where*, National Transport Commission, (p 15) - https://www.ntc.gov.au/Media/Reports/(D62E6EFC-36C7-48B1-66A7-DDEF3B04CCAE).pdf

THE AUSTRALIAN FEDERAL STRUCTURE

As logical and desirable as it may sound, the Australian Government cannot simply make laws 'with respect to' the Australian economy. This has been made clear by the High Court.[3]

The imposition of such constitutional limitations means that other ways must be found for that national government to influence policy outcomes.

One of the ways the Commonwealth can do this is by displaying national leadership – setting out best-practice examples and establishing frameworks that other jurisdictions are inclined to support and emulate.

The creation of Infrastructure Australia (**IA**) as an independent, specialist adviser rigorously assessing the benefits that particular infrastructure offers the national economy is an excellent example of how this can work.

IA is now so central to the development of effective infrastructure policy that there is near-unanimous support for its work across political and jurisdictional boundaries.

Similarly, the Commonwealth is also able to use the 'executive federalist' structure of the Council of Australian Governments (**COAG**) to encourage the development of high level plans, such as the National Ports Strategy and the National Land Freight Strategy.

Although such initiatives have resulted in the development of some valuable outputs, such as the National Key Freight Routes Map as well as the establishment of master planning documents for ports, there is a general view within the freight logistics industry that not everything that could have been achieved as a result of such initiatives has been achieved.[4]

In many respects, this can be attributed to the existence of differing priorities among different governments at different levels.

This means that apart from moral suasion, the Federal Government must rely upon the constitutional devices that are available to it: either Section 51(xxxvii) (attempt to attract a referral of powers from jurisdictions to the Commonwealth), or section 96 (grants on conditions) should it wish to achieve a particular outcome.[5]

ALC's submission has been prepared in the context of these constitutional realities.

3 *Pape v. Federal Commissioner of Taxation [2009] HCA 23*
4 See http://maps.infrastructure.gov.au/KeyFreightRoute
5 *Williams v. Commonwealth of Australia* [2014] HCA 23 para 96.

ALC AND THE NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY

In the lead-up to the 2016 Federal Election, the Australian Logistics Council (ALC) urged the development of a comprehensive National Freight and Supply Chain Strategy to address these challenges.

The Federal Government subsequently agreed to undertake the development of such a Strategy during the Prime Minister's Annual Infrastructure Statement to the Parliament in November 2016.

ALC believes the Inquiry and the subsequent development of a National Freight and Supply Chain Strategy represents an ideal opportunity to establish a high-level framework that will facilitate the safe and efficient operation of Australia's supply chains, which will:

- provide an integrated and efficient freight transport and supply chain network for Australia's international and domestic supply chains;
- to the fullest extent possible, ensure that policy settings and regulation are competitively neutral between the different freight transport modes;
- allow freight operators to innovate and increase the productivity of the freight logistics services they provide, in order to improve outcomes for consumers, Australia's industries and the wider economy; and
- contribute to continuous improvement in the safety of all freight logistics operations, as well as improved societal and environmental outcomes.

This submission has been prepared with these overarching objectives in mind.

The submission has also been prepared with the advantage of an unprecedented engagement from Australia's freight logistics industry in matters of granular transport and infrastructure policy.

In ALC's view, a comprehensive and dynamic National Freight and Supply Chain Strategy requires a comprehensive and dynamic consultation process to help guide its development.

ALC has worked closely with its members and other industry participants over the last six months to facilitate opportunities for the freight logistics industry to have its say on the Strategy.

The annual ALC Forum, held in Melbourne on 8-9 March 2017 and attended by over 300 industry and government representatives, concentrated exclusively on the National Freight and Supply Chain Strategy. A communique from ALC Forum 2017 can be found at **Attachment 1**.

The issues being considered by the Inquiry were also examined in detail during the annual ALC/Department of Infrastructure and Regional Development Dialogue, held in Canberra on 5 May 2017.

Finally, to allow industry participants to express issues relating to their businesses, ALC organised workshops to discuss the contents of a strategy in Sydney, Melbourne, Brisbane and Perth throughout July 2017.

It was pleasing that representatives of the Department of Infrastructure and Regional Development attended each of these sessions.

This submission draws together the major issues, challenges and potential solutions that have emerged throughout these industry conversations. A list of recommendations as to what should be included in a truly effective National Freight and Supply Chain Strategy has also been incorporated.

This submission should be read in conjunction with ALC's preliminary submission to this Inquiry, *Charting the Course for a National Freight and Supply Chain Strategy*, which records in detail the views of industry expressed at the ALC Forum and the Dialogue.[6]

For convenience, it is set out in **Attachment 2**.

6 https://infrastructure.gov.au/transport/freight/frieght-supply-chain-submissions/02-Charting-the-Course-wp2.pdf

PLANNING AND ENCROACHMENT ISSUES

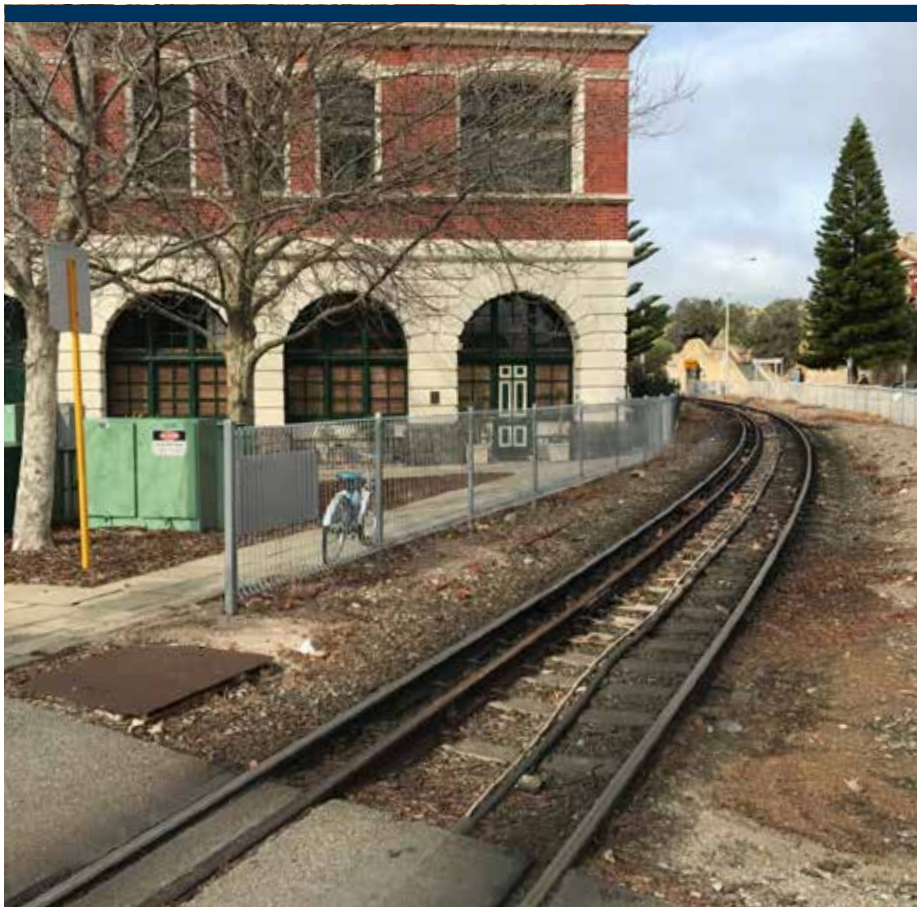
Issues relating to planning and encroachment have been the most common challenges discussed at ALC-sponsored events discussing the National Freight and Supply Chain Strategy.

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

Many planning documents accept the importance of maintaining freight gateways. As the Greater Sydney Commission has said in its recent publication, *Directions for a Greater Sydney 2017-2056*:

> *Industrial activities and urban services are intrinsically linked to Port Botany and Sydney Airport, which already provide around 15,000 and 18,000 jobs respectively.*
>
> *Ongoing investment will grow innovation and creative industries that need to be close to trade gateways, and employment and urban services land.*[7]

Yet, acceptance of the theory does not automatically translate to practice. For example, ALC strongly supports the WestConnex project currently under construction in NSW as one that has enormous potential to improve traffic flows and alleviate congestion for freight logistics operators using the Sydney road network.



Urban Encroachment – Freight rail line abutting a residential development near Fremantle Port, Western Australia

While there is no doubt the incorporation of the Sydney Gateway into the project design is a great improvement, it is yet to be made clear how this critical transport project will connect with Port Botany and Sydney Airport, two of NSW's most significant freight hubs.

Substantive planning instruments must be designed to facilitate the operation of ports and airports, so as to preserve employment lands and improve supply chain efficiencies.

The following are a couple of examples.

7 https://gsc-public-1.s3.amazonaws.com/s3fs-public/directions_for_a_greater_sydney_2017-2056_web.pdf:13

FISHERMANS BEND AND THE PORT OF MELBOURNE

Fishermans Bend is a 485-hectare urban renewal area located near the Port of Melbourne.

In July 2012, areas of Fishermans Bend were rezoned from Industrial, Business and Mixed Use Zones to Capital City Zone – zoning that allows high rise residential properties.

By 2050, it is expected 80,000 residents and 60,000 workers will be accommodated within the area's five precincts.[8]

A recent report issued by Infrastructure Victoria recommended that the Port of Melbourne should remain Victoria's sole major container port until 2055.[9]

According to Infrastructure Victoria, the Port of Melbourne should be developed to a capacity of 8 million TEU a year by 2055. The current throughput at the Port of Melbourne is less than 3 million TEU a year.[10]

Thus, over the next 40 years, the Port of Melbourne is expected to almost triple its throughput of containers, despite some 80,000 people taking up residence near the Port.

ALC and the Port of Melbourne hold concerns that residential development within Fishermans Bend will inhibit the ability of the port to operate 24 hours a day, 7 days a week.

The critical freight infrastructure required for a truly efficient supply chain requires round-the-clock operational flexibility, so that freight movement can to occur at all times and operators can take advantage of off-peak road traffic volumes.

Fishermans Bend Urban Renewal Project - *Source: City of Port Phillip*

8 *Fishermans Bend Urban Renewal Area*, City of Port Phillip, www.portphillip.vic.gov.au/fishermans-bend.htm

9 *Advice on Securing Victoria's Port Capacity*, Infrastructure Victoria, http://yoursay.infrastructurevictoria.com.au/application/files/6914/9558/6929/Securing_Victorias_Ports_Capacity_WEB.pdf

10 *Advice on Securing Victoria's Port Capacity,* Infrastructure Victoria, http://yoursay.infrastructurevictoria.com.au/application/files/6914/9558/6929/Securing_Victorias_Ports_Capacity_WEB.pdf: 43

With respect to Fishermans Bend, ALC is concerned that the following scenario will eventuate:

1. **Developing Fishermans Bend**

   Residential properties are built in the Fishermans Bend precinct.

2. **Complaints from Residential Properties**

   Residents of Fishermans Bend complain about the noise emanating from the Port of Melbourne, including the use of cranes and trucks entering/exiting the port.

3. **Political Response**

   Elected representatives from federal, state and local governments respond to constituent concerns by proposing restrictions on the use of the port.

4. **Freight Doesn't Vote**

   On the back of complaints from voters, governments implement legislative or regulatory restrictions on the use of the Port of Melbourne.

5. **Decreased Efficiency and Safety**

   Restrictions placed on the Port of Melbourne decrease the efficiency and safety of the Port's operation, and the subsequent supply chain.

These concerns are not merely speculative. The following case studies relating to Port Botany in NSW offer a real-life demonstration of these issues:

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 seaports - currently occupies an industrial landholding on Denison Street, Hillsdale. 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.

Denison Street, Hillsdale

Denison Street is one of only two remaining road access routes to Port Botany – the other being Foreshore Road. Denison Street is a key access route for dangerous goods vehicles and other port trucks heading northbound from Port Botany.

Non port-related developments - such as the Bunnings development on Denison St and the intensification of residential and other commercial developments around Eastgardens Shopping Centre - are having an impact on the ability of port operators to obtain development approvals for developments that generate additional truck movements (particularly trucks transporting dangerous goods) on Denison Street.

A land use risk study prepared by the local Council proposes to cap/limit trucks transporting dangerous goods to and from Port Botany via Denison St. This risk study was prepared in response to a development approval issued for a Bunnings development on Denison St. The Transport Quantitative Risk Assessment Report (QRA) prepared as part of the Bunnings planning application recommended that Council "review its planning controls for the area, in light of this study, to ensure new development does not result in a significant exposure to risks from dangerous goods transport incidents".

The Transport QRA for Bunnings deemed that the risks associated with the current dangerous goods (DG) truck movements on Denison Street were acceptable. However, the Transport QRA did not consider future increases in DG truck movements on Denison St.

As a result of the Bunnings development approval, the NSW Department of Planning & Environment (DPE) is concerned about developments at the Port that increase truck movements, specifically DG trucks, via Denison St.

One refined petroleum terminal operator at Port Botany has been endeavouring to seek development consent for a new truck loading gantry at its Port Botany terminal to allow faster product discharge. This would add an average of 4 additional trucks per hour to Denison St.

The DPE has required the terminal operator to undertake additional risk assessments specifically in relation to the transportation of DGs on Denison St, against criteria which were not developed for the purpose of the transportation of DGs, but rather fixed DG facilities.

There appears to be a desire to apply restrictions/caps on truck movements on Denison St as part of the conditions of approval for this development.

Such a decision ignores the strategic importance of Denison St as one of two remaining unrestricted access routes servicing the State's container and bulk liquids port – significant economic drivers for the NSW economy.

ALC endorses the points contained in a May 2017 joint presentation from NSW Ports and the NSW Department of Planning and Environment, which noted:

1. Ports are clearly too important to not be part of Metropolitan planning, the viability of which need to be protected.
2. We need a plan and clear direction on what we are planning for at all levels of government.
3. Compromised planning outcomes between industrial and residential uses fails both industry and residents. We need a sustainable land use planning solution that allows industry to operate and expand in order to increase economic activity and jobs. Land use compatibility including land separation.
4. Planning regimes must acknowledge freight as an urban priority. It's important that it gets recognition in planning at a state, regional and local government level.
5. The planning system needs to recognise that the current operational environment will change (particularly 24/7 operations) and therefore impacts could intensify including amenity impacts on sensitive uses. Also that the industry will continue to change and evolve.
6. Retention and protection of industrial and employment lands are required including suitable sizes for freight logistics and port related lands.[11]

11 From NSW Ports and NSW Department of Planning and Environment presentation *To Plan for Freight or not Plan for Freight: That is the question* (5 May 2017)

Although these comments relate to ports, they are equally germane to all forms of transport infrastructure, as well as industries operating on designated employment lands and freight transport corridors.

The salience of corridor preservation has been noted in some jurisdictions, including by Infrastructure Victoria in its *30 Year Infrastructure Strategy*.[12]

ALC agrees with IA's comments in its *Australian Infrastructure Plan*, when it 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 reneging on agreements.*[13]

IA's July 2017 publication *Corridor Protection: Planning and Investing for the Long Term* adds to the weight of evidence demonstrating the vital importance of corridor preservation.[14]

Indeed, the Australian Government, in its response to the House of Representatives Standing Committee on Infrastructure and Communications report: *Planning, procurement and funding for Australia's future infrastructure: Report on the inquiry into planning and procurement* noted the importance of protecting land and transport corridors.[15]

Making the right decisions today not only helps to reduce the cost of infrastructure projects in the future, but also avoids community conflict and social dislocation by providing certainty as to land use.

Research commissioned by ALC has established that for every 1% increase in efficiency in the Australian national supply chain there is a $2 billion benefit to the Australian economy.[16]

Accordingly, it is critically important that land use decisions do not adversely impact on the efficient operation of freight infrastructure servicing Australia's supply chains. Regulations that inhibit the movement of freight ultimately inhibit economic growth.

As indicated in the introduction to this submission, the Federal Government has limited constitutional scope to play a role in planning. The main way it can influence planning outcomes is to provide financial incentives to jurisdictions to ensure that appropriate planning decisions are made.

ALC argues the Commonwealth can, and should, use the mechanisms available to it in this regard to do so.

12 *Victoria's 30 Year Infrastructure Strategy*, Infrastructure Victoria, December 2016.

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

14 http://infrastructureaustralia.gov.au/policy-publications/publications/files/CorridorProtection.pdf

15 Australian Government Response to the House of Representatives Standing Committee on Infrastructure and Communications report: *Planning, procurement and funding for Australia's future infrastructure* (http://www.aph/gov/au/Parliamentary_Business/Committees/House/Infrastructure_and_Communications/Planning_and_Procurement/Government_Response): 7

16 ACIL Allen Consulting *The Economic Significance of the Australian Logistics Industry (2014)*: http://austlogistics.com.au/wp-content/uploads/2014/07/Economic-Significance-of-the-Australian-Logistics-Indsutry-FINAL.pdf

A precedent has now been set…

ALC was particularly interested to observe that the 2017/18 Federal Budget papers included the offer of an unspecified amount of money under the Western Sydney City Deal for incentive payments to the state and local governments to support planning and zoning reform, accelerate housing supply and deliver affordable housing outcomes in Western Sydney.

The Budget Papers went on to say that the funding will support the trial incentive payments in the Western Sydney City Deal region, which is facing above average population growth and housing affordability pressures.

ALC believes that now is the time for similar financial incentives to be offered to state and local governments to preserve transport corridors and protect employment lands from the impact of urban encroachment.

Similarly, it's imperative the Commonwealth establishes and clearly articulates the definitive objectives that must be met in any corridor preservation strategy.

Finally, as was discussed in *Charting the Course for a National Freight and Supply Chain Strategy,* if the Commonwealth is to provide national leadership in relation to the management of Australia's supply chains, it must build up expertise in both the complexities involved in the container supply chain, and in urban and regional planning more generally.

While ALC acknowledges that planning powers generally reside with the states, Commonwealth leadership is required to achieve greater national consistency in these matters.

It is therefore appropriate for the Commonwealth to establish a dedicated Freight Strategy and Planning Division within the Department of Infrastructure and Regional Development, staffed with appropriately qualified personnel - particularly skills and experience in planning and the operation of national freight supply chains - to furnish it with the quality advice necessary to provide national leadership and better policy outcomes.

DEVELOPMENT OF INTERMODAL TERMINALS

Investment in infrastructure needs to be focused on the location and potential development of large terminals and warehousing precincts with strong rail and road connections (including short-haul rail services) to and from ports. Terminal designs should take advantage of transport integration and open access principles to ensure the efficient and timely movement of freight in our cities and regions.

The performance of freight rail services is highly dependent on the availability and efficiency of rail freight terminals (relative to road). Existing terminals in key population centres are generally constrained by adjacent land uses. Over time these terminals will need to be complemented by terminals located in areas which are now more consistent with the rail system and industry needs. This includes greater consideration of multi-user operations, land-use requirements, and options to facilitate economies of scale.

Growth in freight will be facilitated by new terminals reflecting the distribution patterns necessary to service population centres. Terminals need to be close to the distribution centres of major retailers and contain reliable rail and road access with sufficient paths to support increasing traffic volumes.

The Inquiry should recommend that governments support the preservation of potential intermodal terminal sites, along with planning for future road and rail connections.

Likewise, it should recommend governments support accelerated investment plans for intermodal terminals, including work towards integrating freight rail and logistics freight hubs.

17 *Budget Paper No 2 2017-18*, Commonwealth of Australia, May 2017: 42.

RECOMMENDATIONS – PLANNING AND ENCROACHMENT ISSUES

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 States and Territories, including City Deals agreements) 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 the outcomes set out in paragraphs (a) and (b).
2. COAG develop a finalised National Transport Corridor Protection Strategy that contains clear objectives as to what such a Strategy is to achieve, by no later than 31 December 2019.
3. The Commonwealth establish a dedicated Freight Strategy and Planning Division within the Department of Infrastructure and Regional Development with appropriately qualified personnel (including, in particular, skills and experience in planning, and the operation of national freight supply chains).
4. Governments (at all levels) should support the preservation of potential intermodal terminal sites, and ensure proper planning for future road and rail connections.
5. Governments should support accelerated investment plans for intermodal terminals, including work towards integrating freight rail and logistics freight hubs.

TECHNOLOGY AND DATA

The second most discussed issue throughout ALC's industry consultations on the National Freight and Supply Chain Strategy was the use of technology, and the capturing of data, to improve the efficiency and safety of supply chains.

The development and introduction of technology on freight infrastructure networks should be directed towards the following key objectives:

- enabling improved freight and supply chain performance and safety outcomes;
- ensuring consistency and/or interoperability between infrastructure networks;
- avoiding duplication of technology requirements, including hardware and software; and
- reducing operational costs

During ALC's conversations with industry participants, it has been indicated that opportunities to employ technologies that can assist the movement of freight are 'bobbing up all over the place'.

In particular, industry is eager to encourage the ability to transfer non-proprietary information so as to improve the flow of freight from one end of a supply chain to another, in a manner similar to that which operates through the Hunter Valley Coal Chain.

In so doing, there is a belief within industry that scheduling transport movements down the supply chain becomes no more complicated than 'making an appointment for the doctor'.

A National Freight and Supply Chain Strategy could be the enabling instrument through which the mechanics of such a system could be explored.

There is also a wish to ensure that existing data is harnessed in a more efficient manner. For example, port data, including landside data provided by the Bureau for Infrastructure, Transport and Regional Economics (BITRE) *Waterline* series, is a step in the right direction.

Many maritime industry participants indicated that it would be desirable to have a 'single window' system, akin to the European Port Community System, operating in Australia.

In 2010, APEC Leaders committed to "address impediments to moving goods and services through Asia-Pacific supply-chains …with a view to achieving an APEC-wide target of a ten percent improvement in supply-chain performance by 2015."[18]

In 2012, APEC Leaders recognised "...the importance of addressing unnecessary barriers to trade by advancing regulatory convergence and coherence to achieving our shared objectives of strengthening regional economic integration and ensuring product safety, supply chain integrity…"[19]

Australia currently has several well-developed systems capable of being aligned into one window, and used as a model for APEC Economies to emulate, and would help to deliver the benefits outlined in the 2010 commitment.

During the recent APEC Forum in Vietnam, the technical sub group Asia Pacific Model E-Port Network (APMEN) approved and provided funding to support the full development of this pilot, which is being led by ALC Member, NSW Ports.

It could well be that the BITRE/ABS Data Collection and Dissemination Plan may in the long run form a 'single source of truth' that becomes the backbone of an Australian Port Community System.

While outside the scope of this Inquiry, ALC will also continue to work with the private sector to improve supply chain visibility. This includes working with the industry to develop consistent labelling standards. ALC will also monitor the impact of blockchain technology and its potential application in the freight logistics industry.

18 *2010 APEC Leaders' Declaration*, Yokohama, Japan, 13 November 2010 (http://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.aspx)

19 *2012 APEC Leaders' Declaration*, Vladivostok, Russia, 8 September 2012 (http://apec.org/Meeting-Papers/Leaders-Declarations/2012/2012_aelm.aspx)

CASE STUDY: ALC/GS1 AUSTRALIA SUPPLY CHAIN VISIBILITY STUDY

ALC, through its Technology Committee, in collaboration with businesses, Austroads, GS1 Australia and the Department of Infrastructure and Regional Development, has investigated the benefits to Australian businesses and their supply chains from the use of global data standards to create and transmit information on the events occurring during the physical movement of goods between suppliers and their customers, across multiple transport modes and custody of the freight.

The report – *Austroads Research Report AP-R538-17 – Investigating the Potential Benefits of Enhanced End to End Supply Chain Visibility* was released at ALC Forum 2017.

Use of global data standards has been proven to improve the visibility and traceability of freight. Standards allow a common language to identify the freight, the transport assets and the events during supply chain execution. It enables all parties to gain real time information and to be able to control and manage the freight more effectively. It has also resulted in benefits such as improved planning, efficient operations, improved compliance, product integrity and supply chain analytics.

Public value can also be derived from increased visibility in Australia's supply chains through capacity optimisation and scheduling (terminals; network infrastructure); planning for investment (demand; network utilisation by freight; private sector data); linking real time compliance monitoring (container weights; transport security); and emergency management (real time response data).

It has been found however that logistics service providers are not taking advantage of adoption of global data standards to provide improved visibility, as they perceive cost outweighs benefit. This is due to the prevalence of incompatible bespoke IT systems and non-standard data formats and a lack of collaborative mindset.

The penalty for not adopting open global data standards, which will largely fall on small business, is significant. This avoidable industry cost has been estimated at AUD 1.63 billion, which ALC believes will impact the productivity of the sector.

ALC calls on the Australian Government to support its leadership in industry, by working with small and medium sized logistics service providers 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.

NATIONAL FREIGHT PERFORMANCE FRAMEWORK

ALC supports efforts by the Commonwealth Government to quantify aspects of the freight logistics supply chain and create a National Freight Performance Framework

In particular, the proposed new mode-specific indicators, listed in table 1.2 of the *National Freight Performance Framework,* are supported by ALC. This is because they relate to concerns repeatedly raised by members – road access and land use/ encroachment.

Ultimately, ALC would like to see all performance indicators more readily accessible. The availability of clean and easy-to-interpret data should serve to raise awareness of the issues and pinch points in Australia's supply chains.

ALC is also interested in the work currently being completed by BITRE around the collection and use of data to better assess infrastructure priorities.

To this end, ALC supports BITRE taking the lead in developing a National Freight Performance Framework. Combining the National Freight Performance Framework with BITRE's existing work should help to create a specialised area in government that can more accurately measure the performance of Australia's supply chains.

Similarly, consistent with ALC's submission to the National Transport Commission's *Who Moves What Where* Discussion Paper, the Australian Bureau of Statistics should develop a Transport Satellite Account.[20]

20 www.austlogistics.com.au/wp-content/uploads/2017/01/NTC-Who-Moves-What-Where.pdf

The development of such an account would make the analysis of the size and efficiency of the Australian logistics market easier, and so produce the better results that flow from the presence of better information.

AUTOMATION IN THE FREIGHT LOGISTICS INDUSTRY

It is clear the freight and supply chain of the future will be increasingly automated, with connected intelligent transport systems (**C-ITS**) and connected automated vehicles (**CAVs**) being increasingly prominent.

ALC's core objective is the improvement of supply chain efficiency and safety. We believe that, properly managed, increasing automation in the freight logistics industry has enormous capacity to make supply chains safer and more efficient.

Ultimately, freight logistics companies will automate aspects of their operations when doing so makes economic sense. Current examples include the automation works occurring at NSW Ports, and the new automated warehouse being designed by Woolworths.

While opinion varies on the timeline for the introduction and uptake of CAVs, it is fair to say that freight logistics companies will seek to use CAVs when safe and cost effective to do so. Indeed, a report from McKinsey & Co suggests that 80% of parcels will be delivered by autonomous vehicles in the future.[21]

Governments will play a large role in working through the legislative and regulatory framework required to ensure the safe operation of autonomous vehicles. The National Transport Commission is currently working on updating the Australian Road Rules in preparation for the commercial deployment of CAVs.[22] The Department of Infrastructure and Regional Development and Austroads are similarly engaged in work to allow for the safe and legal use of CAVs. The trialling of CAVs is already allowed in South Australia, while legislation to allow the trialling of CAVs has been prepared in other Australian jurisdictions.[23]

With federal and state governments working separately with regards to CAVs, there is the possibility of unnecessary duplication of work and/or different state based requirements to trial CAVs.

To avert this risk, ALC calls for the continued co-operation of federal and state government agencies, as well as proactive engagement the private sector, to ensure consistent legislative and regulatory changes are made across Australia so as to allow the trialling, and then commercial sale, of CAVs across Australia that are fit for the Australian environment.

It is also acknowledged that the Transport and Infrastructure Council's *National Policy Framework for Land Transport Technology: Action Plan: 2016-2019* advocates for supportive regulatory environments, and particularly proposes the removal of barriers to new technology in a proactive fashion, and to wherever possible provide certainty about future regulatory requirements.

In formulating its recommendations, this Inquiry should satisfy itself such a process will be adequately resourced to ensure that increased uptake in technology is not hampered by unnecessary or outmoded regulation.

21 *Parcel delivery – the future of the last mile*, McKinsey & Company, September 2016.

22 *Clarifying control of automated vehicles Discussion Paper*, National Transport Commission, April 2017.

23 *See Road Transport (Safety and Traffic Management) (Autonomous Vehicle Trials) Amendment Bill 2016* (ACT) at http://www.legislation.act.gov.au/ed/db_53368/default.asp

ALC sees government's role is in proactively managing technology implications and impacts to ensure future directions are shaped appropriately, rather than delivered on an ad-hoc basis.

Accordingly, in coming to its conclusions, the Inquiry should consider how the adoption of technology can lead to better transport outcomes.

This would include examining how smart technology (including Smart Cities and the implementation of new workplace technologies and systems) can support growth, improve efficiency and create a more agile and collaborative sector.

RECOMMENDATIONS – TECHNOLOGY AND DATA

6. A project should be developed to identify any technological or competition law impediments preventing the transfer of non-proprietary data so as to improve the flow of freight down a freight chain.
7. As a matter of priority, proceed with the development of a 'single window' system for the exchange of information at ports, suitable for the Australian environment.
8. That work on the National Policy Framework for Land Transport Technology is appropriately resourced so increased uptake in technology is not frustrated by unnecessary or outmoded regulation.
9. The Australian Government identify ways it can assist small and medium sized logistics service providers adopt global data standards in Australian supply chains.
10. 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.
11. The Bureau of Infrastructure, Transport and Regional Economics (BITRE) should continue to compile their data on freight movements in Australia.
12. The Australian Government, through BITRE, should compile a National Freight Performance Framework, including indicators such as road access and land/use encroachment.
13. The Australian Bureau of Statistics (ABS) should develop a Transport Satellite Account.
14. Continue the co-operation of federal and state government agencies, as well as proactive engagement with the private sector, to ensure consistent legislative and regulatory changes are made across Australia so as to allow the trialling, and then commercial sale, of CAVs across Australia that are fit for the Australian environment.

ROAD

ROAD PRICING AND INVESTMENT REFORM

There is strong support for road pricing reform within Australia's freight logistics industry.

Technological enhancements, 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 Australian Competition and Consumer Commission (ACCC), Mr Rod Sims at ALC Forum 2017, road pricing reform is especially important. 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.

Moreover, many in the freight logistics industry are concerned that revenue raised by charges imposed on heavy vehicles is not being used to support the development of freight infrastructure, but 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.

The Transport and Infrastructure Council (on behalf of COAG) is finalising a number of research projects (generally being conducted by Austroads) to develop an evidence base to allow for the development of a road pricing model adopting a forward looking (lifecycle) cost base for heavy vehicles, with an appropriate entity playing the role of an independent price regulator.

As ALC noted in its submission to the *Discussion Paper on the Independent Price Regulation of Heavy Vehicle Charges*, the regulatory role should be fulfilled by the ACCC, as a truly national body possessed of the requisite levels of expertise the task demands.[24]

However, while it is important for industry to have confidence in the development of a road pricing model for heavy vehicles, it is also imperative that industry is involved in the model **whilst being developed**, and not merely asked for comment at the point a consultation Regulatory Impact Statement (RIS) is put forward.

The presumptions behind the model, including, in particular, what costs are to be recovered as well as the circumstances where costs will be recovered, and community service obligation (CSO) payments, need to be tested early with industry, with any CSO obligations funded by government general revenue and not any road user charge.

This approach is preferable, because experience has shown that by the time a RIS is prepared, opinions are 'locked-in' and prove almost impossible to change.

TOLL ROADS

It is increasingly assumed that there is a 'national standard' that requires heavy vehicles to pay three times the amount of private vehicles to access a private road.

However, such an assumption rests on flawed logic, given the increasing efficiency of heavy vehicles and the reduced impact they have on road surfaces.

It is also an inappropriate impost where some roads may impose the three times 'standard' yet not offer the road user efficient access to freight generation or destination points.

Freight is highly inelastic to tolls as a demand-management tool. This means that where tolls are in place, governments are essentially 'double-dipping' by requiring heavy vehicles to pay both tolls and the Road User Charge.

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

In a recent appearance before a NSW Parliamentary Committee, the NRMA suggested that, with regards to toll roads:

> *The calculation, indexation and application of user charges must deliver the following: be transparent, including the user charge at commencement and escalation mechanism; consider wear and tear caused by different vehicle types; encourage and provide greater mobility choice; and make provision for future use of the demand of assets, including investment requirements.*
>
> *The mechanisms of various user charges could be independently calculated by the Independent Pricing and Regulatory Tribunal [IPART] or a similar independent organisation. We believe that is very important.*
>
> *It must consider the whole-of-life asset cost and maintenance and incentives for behavioural change. Tolling is not the primary issue. We believe the real issue is value and fairness and transparency of the project delivery. There are presently issues and disparities with the current arrangements that need to be solved. A supported broad-based model has the potential to provide fairness for all users, a wholesale review of pricing arrangements across the network is necessary.*[25]

Given the monopoly aspects of toll roads, the Inquiry could consider whether these issues should be addressed at the national level.

ACCESS

Whilst the National Harmonisation Program[26] being undertaken by the National Heavy Vehicle Regulator (**NHVR**) is making progress in providing heavy vehicles with increased access to routes, ALC members nevertheless continue to report long delays in obtaining permits and in getting access to the road network.

The Inquiry may wish to consider whether the road access provisions of the *Heavy Vehicle National Law* require streamlining.

NATIONAL CONSISTENCY IN HEAVY VEHICLE REGULATION

There is general recognition throughout industry that a nationally-consistent approach to the regulation of heavy vehicles is desirable.

State and territory governments have previously indicated their support for such an approach – but there are still occasions when state jurisdictions deviate from this objective.

Similarly, the National Heavy Vehicle Regulator does not have the authority to enforce common approvals and, where there is a business case, to require jurisdictions to approve permits.

The Inquiry should recommend that state and territory governments recommit to a national regulatory model for heavy vehicles.

25 NSW Legislative Council Portfolio Committee Number 2 (Health and Community Services) Inquiry Into Road Tolling 22 May 2017 pp.2-3 - https://www.parliament.nsw.gov.au/committees/DBAssets/InquiryEventTranscript/Transcript/9948/Transcript%20-%2022%20May%202017%20-%20CORRECTED.pdf

26 Explained here: https://www.nhvr.gov.au/files/201705-0527-harmonisation-program.pdf

SAFETY AND TECHNOLOGY

ALC has long championed the development of tools that improve the safety, efficiency and sustainability of freight movement on Australian roads.

ALC members have consistently argued that for safety and efficiency purposes it should be mandatory for road transport operators to electronically collect some forms of safety information (particularly speed and times of operation).

It may also be the case that technology will prove the most efficient way to determine the road charge liability of a heavy vehicle owed under any revised road charging system ultimately developed.

A National Freight and Supply Chain Strategy should encourage exploring the type of electronic systems that could be employed to collect data for regulatory purposes such as road pricing, as well as recording heavy vehicle safety data.

RECOMMENDATIONS – ROAD

15. Work on developing a road pricing model adopting a forward looking (lifecycle) cost base for vehicles, with an appropriate entity (preferably the ACCC) playing the role of an independent economic regulator, should be expedited.
16. Industry should be formally involved in the development of any road pricing model prior to the publication of a consultation regulatory impact statement (RIS), so as to ensure workability.
17. Prior to that, the principles guiding the development of the road pricing model be clearly articulated as early as possible.
18. Any community service obligations placed on road owners by government be funded from general government revenues and not from any new road user charge.
19. An inquiry should be undertaken to determine whether the pricing arrangements for toll roads developed under agreements between governments and private entities should be subject to supervision from an entity such as the ACCC.
20. The road access provisions of the Heavy Vehicle National Law should be reviewed to identify and enact improvements to the system so as to improve consistency and speed in decision making.
21. The Inquiry should recognise the NHVR does not currently have the authority to enforce common approvals or to require jurisdictions to approve permits – and identify possible solutions.
22. State and territory jurisdictions should recommit to adopting a consistent national model for the regulation of heavy vehicles.
23. 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.

RAIL

INLAND RAIL

Inland Rail is critical to Australia's freight future given the expectations of the growth in the freight task. The Inland Rail Business Case has now been positively assessed by IA and the project has been included on the Infrastructure Priority List.

The business case confirmed economy-wide modelling showing that Inland Rail will increase gross domestic product by $16 billion during its 10 year construction and the first 50 years of operation. It is therefore important to look at this project in a holistic and genuinely national manner.

For instance, IA identified a dedicated freight rail connection to the Port of Brisbane as a High Priority Initiative in its 15 Year Infrastructure Plan.

A holistic approach to Inland Rail would suggest that government should support a dedicated freight rail connection to the Port of Brisbane.

The Port of Brisbane is a vital economic asset for Queensland and for the nation, most particularly for agricultural and resource sector exports. Its importance will increase significantly in the years ahead, with international demand for Australian export products expected to rise.

The best way to reap the full benefits from the substantial public investment now being made in Inland Rail is to undertake the work that will seamlessly link this project with the Port of Brisbane.

To achieve this, it will be necessary to preserve a corridor that will permit an alternative, dedicated freight rail connection from the Inland Rail route right through to the Port of Brisbane.

This will not only improve the reliability of Inland Rail, but forms an important element of reducing congestion on Brisbane's passenger rail network, by establishing a separate track for freight.

Infrastructure Australia estimates potential savings of up to $66 million on the cost of constructing such a link could be achieved if governments act now to protect this freight corridor.[27] Of course, it is equally important to preserve land and corridors in Melbourne, to permit development of an interstate freight terminal that will enable a port-to-port connection for Inland Rail.

Inland Rail will also ultimately encourage the development of inland rail hubs, and so it follows that the holistic approach would encompass encouraging the delivery of efficient rail connections from these inland hubs to the NSW ports of Newcastle, Port Botany and Port Kembla.

Such an approach will permit users to choose the best and most efficient freight chain to move goods from generation point to port and will also reduce the restraints on double stacking particularly between Parkes and Sydney.

Finally, to provide the freight logistics industry with the certainty it needs to make investment choices relating to Inland Rail, it is imperative that the alignment of the route is finalised as soon as possible. Continuing delays on this aspect of the project are a major concern for industry.

The Inland Rail Route was surveyed and planned seven years ago, in 2010, and the business case for Inland Rail was developed based on that route. Consequently, many organisations have made investment decisions about locating new freight infrastructure based upon that route. This includes projects such as InterLinkSQ's intermodal facility, which is already under construction near Toowoomba.

To alter the planned route now would retrospectively penalise those investors, undermine the business case for Inland Rail and risk yet more delay to a project that has already been decades in development.

SHORT HAUL RAIL

Many ALC members are committed to operating in this market sector.

Moving more freight to rail, where it makes sense commercially, has the potential to significantly improve freight efficiency, while at the same time, improving urban amenity, reducing road congestion and decreasing queuing times at ports.

Accordingly, it is important that government has in place the capacity to identify projects that can facilitate these productivity enhancing outcomes.

This includes investing in and promoting projects such as the duplication of the Port Botany rail line, which will assist in addressing Sydney's rising congestion issues and support the NSW Government's vision to double the amount of freight moving to and from Port Botany by rail, which currently sits at 19.3%; and NSW Ports' target to move 3 million TEU by rail over the longer term.

27 Infrastructure Australia, http://infrastructureaustralia.gov.au/policypublications/publications/files/CorridorProtection.pdf: 27.

Moreover, BITRE has recently published a report entitled *Why Short Haul Intermodal Rail Services Succeed*, which found that vibrant value adding hinterland terminals can secure the traffic volumes that are required for short haul rail to have competitive line haul costs.[28]

BITRE also reports that relative competitiveness is strengthened when there are deficiencies in truck haulage and that a coalition of diverse interest groups may seek, and thus support, vibrant terminals and complementary rail services. Governments are making tentative steps towards investing in suitable projects.

These are all considerations that need to be recognised when determining if short haul rail services can become a competitive option.

The proposed Port Rail Shuttle in Victoria is one such example. The federal government committed $38 million to the Port-Rail Shuttle project in Victoria, topped up by $20 million from the Victorian Government, which will create a rail connection between the Port of Melbourne and three inland ports.

The Inquiry should recommend greater government focus and investment in the use of port shuttle/ short haul rail infrastructure as a means to improve supply chain efficiency and reduce congestion.

On a related note, the Inquiry should recommend governments (at all levels) work to ensure rail access to major ports.

RAIL ISSUES GENERALLY

More generally, industry members see that a greater harmonisation in rail regulation would make it easier for operators to meet regulatory requirements, particularly around safety and environmental issues.

During 2014 and 2015, work was directed towards developing what was originally called a 'national rail vision', which then turned into a discussion on the Australian Government's Freight Rail Objectives.

Some of this work canvassed issues such as greater harmonisation within the rail industry as well as the broader role of rail in the freight effort.

The Transport and Infrastructure Council published a summary of proposed rail activities as part of what was called a National Rail Work Program contained in a document called *National Rail Vision and Work Program.*[29]

The issues canvassed in this paper were frequently raised throughout the discussions that ALC has held with stakeholders on the contents of the National Freight and Supply Chain Strategy.

Regrettably, despite widespread industry support, the push for a national rail freight agenda seems to have stalled in recent times. The Inquiry should recommend that this process be reinvigorated by government.

As a point of principle, the Commonwealth should insist that as a condition of receiving funding for rail projects, no additional level crossings be incorporated in the design of projects.

TRACK SEPARATION

One area not canvassed in the National Rail Vision, but raised by industry participants, is track separation.

In a perfect world, the infrastructure used to transport freight would be entirely separate from the infrastructure used for passenger and private transport.

The reality is that most transport infrastructure in Australia is used for both freight and passenger transport.

Roads are the obvious example - when trucks, buses and cars use the same roads, it leads to congestion and increases the chances of a road accident occurring.

The separation of freight and passenger transport infrastructure should be a desirable outcome for the Australian Government. The benefits of separation, for both freight and passenger transport, include travel time savings, increased efficiency and increased safety.

To that end, freight rail projects that also deliver such benefits for passenger rail networks should be eligible to receive funding support from the Commonwealth Government's *National Rail Program* for rail projects in urban areas.

28 See https://bitre.gov.au/publications/2016/rr_139.aspx

29 http://transportinfrastructurecouncil.gov.au/publications/files/National_rail_vision_and_work_program.pdf

TRAIN/NETWORK MANAGEMENT SYSTEMS

Productivity improvements and effective technological development and implementation are critical to ensure the freight rail sector continues to be an efficient and effective transportation mode.

Given the high-cost outlay required to adopt new technologies, government support is required to ensure uptake and investment continues. A nationally consistent approach to network control and communications management systems has the capacity to provide the industry and economy with better transport outcomes by:

- improving the capacity of the rail network;
- enhancing operational flexibility;
- increasing train service availability;
- improving transit times and rail safety, and
- upgrading system reliability.

ARTC's Advanced Train Management System (ATMS) is an example of a project that has the potential to transform the way freight rail infrastructure is both managed and monitored.

The Inquiry should recommend the Commonwealth make investments to support its development, to drive greater safety and productivity in the freight rail industry in the interstate network once in operation.

STANDARDISATION OF RAIL FREIGHT NETWORK

Both track quality and gauge have a significant impact on rail freight services and create restrictions on a range of operational conditions, including maximum speed, loading and use of a single set of rolling stock across the network.

Due to the historical development of Australia's rail network, gauges were developed around a state-based transport need and today remain disjointed. This results in barriers to competition, efficiency and capacity.

To address this, ALC recommends moving towards standard gauge conversion, where possible, when considering rail freight network enhancements.

RECOMMENDATIONS – RAIL

24. The Inland Rail project proceed so as to ensure a fully integrated capacity to move freight seamlessly between the Port of Brisbane and the Port of Melbourne (including preserving the corridor for the alternate freight rail connection to the Port of Brisbane), as well as the development of inland rail hubs to encourage efficient rail connections between these hubs and the NSW ports of Newcastle, Port Botany and Port Kembla.
25. The Inquiry should recommend greater government focus and investment in the use of port shuttle/short haul rail infrastructure as a means to improve supply chain efficiency and reduce congestion.
26. Governments (at all levels) should ensure rail access to major ports.
27. As a matter of urgency, funding should be provided for the duplication of the freight rail line at Port Botany.
28. Work on the *National Rail Vision* should be expedited, with a view of establishing a national freight rail policy by no later than 31 December 2019.
29. The issue of track separation should be given heightened importance in the development of any such national freight rail strategy.
30. Freight rail projects which also deliver substantial benefits for passenger rail should be eligible to receive funding support from the Commonwealth Government's *National Rail Program* for rail projects in urban areas.
31. The Commonwealth should provide additional investments to facilitate the harmonisation of digital train/network management systems.
32. The Inquiry should recommend governments move towards standard gauge conversion, where possible, when considering rail freight network enhancements.

MARITIME

Shipping channels are a critical part of the supply chain and port authorities have a direct interest in the adequacy of shipping channels and at port berth pockets.

In many cases, the management and maintenance of shipping channels rests with government authorities (or sometimes shared by port operators).

As indicated in the Port Development Strategy Ministerial Guidelines published by the Victorian Government for the purposes of the *Port Management Act 1995*:

> *Port authorities have an interest in identifying future channel requirements through:*
>
> *i. understanding shipping trends and port user requirements in terms of ship sizes and adequacy of channel configurations and depths and the likelihood of required capital works improvements; and*
>
> *ii. identification of the need for channel maintenance or navigational improvements required for safety or functional purposes.*[30]

The efficient operation of shipping channels should be valued as highly as the efficient operation of roads and railway lines.

COASTAL SHIPPING

There are a number of competing views as to how cabotage should be regulated in Australia.

It is acknowledged that this is an issue that has been reviewed over the last few years.

However, ALC members continue to advise the current law makes coastal shipping cost prohibitive on certain key domestic routes, such as Brisbane-Townsville, thus reducing consumer choice and creating artificial barriers to supply chain efficiency.

At some point in the future, a full cost benefit analysis should be undertaken to determine whether current coastal shipping laws offer a net public benefit. Particular consideration needs to be given the different requirements of bulk commodities versus containers.

In particular, such a review should determine whether the changes made by the *Coastal Trading (Revitalising Australian Shipping) Act 2012* delivered the desired outcomes.

RECOMMENDATIONS – MARITIME

33. An audit should be conducted on the adequacy of the shipping channels maintained for current Australian ports.
34. A cost-benefit analysis should be conducted on Australia's present coastal shipping regime – particularly whether the changes made by the *Coastal Trading (Revitalising Australian Shipping) Act 2012* delivered the desired outcomes.

30 Victorian Government *Gazette* S240, 10 July 2017:5 - http://www.gazette.vic.gov.au/gazette/Gazettes2017/GG2017S240.pdf

AIR FREIGHT

CURFEWS AT AUSTRALIAN AIRPORTS

The air freight task continues to increase in Australia, particularly as the consumer habits change with the growth of e-Commerce, and demand for rapid delivery of perishable goods from Australia to burgeoning Asian markets grows.

It is imperative that like all transport infrastructure, airports should operate as efficiently as possible.

To that extent, it is pleasing that the intention is for the new Western Sydney Airport to operate on a 24/7 basis.

However, this is not the case at all airports. Both Sydney's Kingsford-Smith and Adelaide's airport operate under curfews imposed through federal legislation.[31] Some of these provisions are simply impractical in a modern economy with a rapidly growing freight task.

As an example, Section 13 of the *Sydney Airport Curfew Act 1995* only permits (effectively) BAe-146 aircraft to operate during curfew periods.

Where no such aircraft is available, air cargo is left stranded, causing significant impacts on regional Australia as it is left with no time critical overnight express services.

With improving aircraft technology – particularly relating to noise – it is time to revisit the very restrictive nature of the curfew legislation that is in force.

GST ON LOW-VALUE IMPORTS

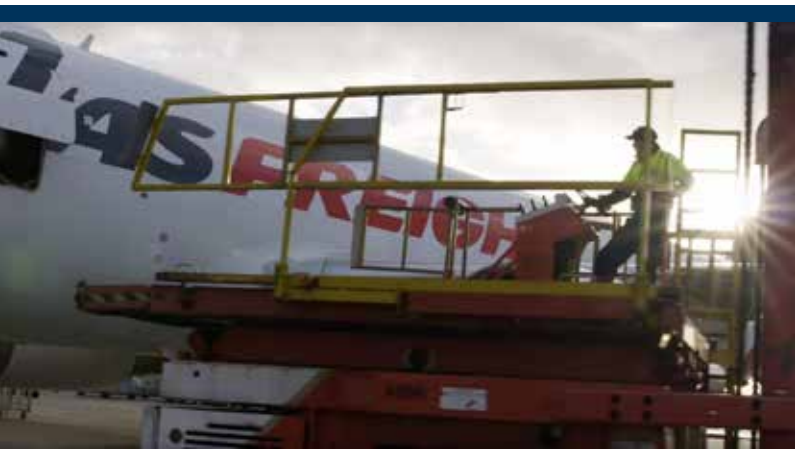
ALC notes that the Commonwealth Parliament has voted to delay the imposition of GST on low-value imports until 1 July 2018.

ALC and its members trust this delay will not be used to reconsider the collection mechanism previously settled upon – namely, requiring GST to be collected by overseas internet retailers themselves.

Any attempt to shift to a collection model that requires GST to be collected at the border will impose significant additional costs upon air freight logistics operators, as they would be expected to identify shipments that would become subject to GST and undertake the subsequent reconciliation of records.

These charges would be in addition to the costs that would be incurred by operators forced to store goods on which GST had not been paid, until such time as the purchaser rectifies that situation.

The Government already expects air freight operators to undertake significant capital outlays to comply with the conditions required to become (or remain) a Regulated Air Cargo Agent (RACA).Those costs should not be further added to by shifting the cost burden associated with collecting revenue on behalf of the government onto air freight logistics operators.



RECOMMENDATIONS – AIR FREIGHT

35. Current laws relating to curfews on aircraft movements at Australian airports should be reviewed.
36. The Inquiry should reaffirm the view that responsibility for collecting GST for low value imported goods should be collected by overseas vendors and not by air freight operators or registered air cargo agents.

31 *Adelaide Airport Curfew Act 2000* and *Sydney Airport Curfew Act 1995*

CBD FREIGHT DELIVERY

Australia is one of most highly urbanised countries in the world.

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

This will become an increasing issue as the default behaviour of millennials of ordering goods online and expecting home delivery becomes an increasing norm.

Indeed, the larger our cities grow the larger the freight task gets. Accordingly, if we wish to grow our cities, we must adopt policies which can support an increasing freight task.

Increasing competition between passenger and light vehicles in a congested road network is significantly adding to business costs. This circumstance flows directly from a lack of investment and from insufficient consideration of freight movement in our current planning regimes.

A lack of adequate street loading zones, as well as new residential and commercial buildings with poor (or non-existent) freight delivery facilities are likewise making CBD delivery a more cumbersome and costly exercise.

Remarkably, large scale sites have been developed around Australia over recent years which do not incorporate a loading dock. Industry is also concerned that there is a lack of consultation when loading zones are introduced, relocated or removed.

While it sounds good in theory, delivering freight after-hours (so as to use the roads when least congested) brings about a multitude of other challenges. These include the continuing imposition of curfews or outright bans on vehicle movements in parts of our major cities. Freight delivery after-hours also poses safety concerns for drivers, as there is less passive surveillance due to fewer cars on the road and fewer people on the footpath. After-hours delivery also can't satisfy growing consumer demand for same day service.

Perversely, the growing problems facing freight delivery in Australian cities is occurring during a period where growth in e-commerce is fuelling expectations among many consumers of faster delivery timeframes and lower shipping costs.

To help ease the pressures on CBD freight delivery, Australia could examine the trialling of urban consolidation centres.

Such trials could be facilitated by the Commonwealth through the provision of incentive payments to state and territory governments that amend planning schemes to support the operation of such facilities.

Continuing investment in infrastructure allowing access from distribution centres to CBD's is critical if we are going to successfully meet an increasing freight task. In this respect, 'Truckways', truck-only lanes, or some other form of freight-only infrastructure should be considered by governments to improve freight delivery and decrease congestion and emissions in high demand environments. Additionally, 'reverse curfews' could be considered, which would provide freight vehicles with the right of access to parts of the road at non-peak times, in order to improve efficient deliveries.

Curfews and other regulations which prohibit freight delivery (or make it unreasonably difficult) should also be reviewed. Although these matters fall within the ambit of state and local governments, there is scope for the Commonwealth to provide incentive payments to reward good regulatory practice in this regard.

As IA has previously noted, there is a need to prioritise investments that address bottlenecks and pinch points in existing freight networks:

> *Recommendation 3.5: All governments should establish targeted investment programs focused on removing first and last mile constraints across the national freight network. These investments should be informed by the findings of the recommended National Freight and Supply Chain Strategy.*[32]

32 *Australian Infrastructure Plan, Infrastructure Australia, February 2016* : http://infrastructureaustralia.gov.au/policy-publications/publications/files/Australian_Infrastructure_Plan.pdf (p. 56)

ALC supports this view – and suggests such an approach be extended to not only focus on first and last mile issues, but also on particular sections of a freight corridor where speed or capacity restrictions inhibit the efficiency of the overall freight network.

RECOMMENDATIONS – CBD FREIGHT DELIVERY

37. The Commonwealth Government examine opportunities to support the trialling of urban consolidation centres in Australia.
38. Investment in infrastructure allowing access from distribution centres to CBDs, such as 'Truckways', truck only lanes, or some other form of freight-only infrastructure should be considered to improve freight delivery and decrease congestion and emissions in high demand environments.
39. The Inquiry should recommend a formal review designed to identify regulations and practices (such as curfews) that preclude the essential delivery of freight in inner-urban environments.
40. The Inquiry endorse IA's recommendation that governments should establish targeted investment programs focused on removing first and last mile constraints across the national freight network – and expand upon it by recommending governments also focus on particular sections of a freight corridor where speed or capacity restrictions inhibit the efficient movement of freight.

THE ROLE OF THE ACCC

The Land Transport Market Reform Group Paper *Independent Price Regulation of Heavy Vehicle Charges* anticipates that the ACCC is likely to have a role in the economic regulation of heavy vehicle road pricing.[33]

As indicated earlier in this submission, ALC supports that view.

Separately, there have been increasing calls by some within the freight logistics industry for the ACCC to play a role in access and pricing decisions relating to ports and rail access.

The ACCC has also been an active participant in debates relating to the pricing structures used at privatised ports around the nation,[34] and it already plays a part in providing 'light handed' monitoring of the price of some aeronautical services, such as airside freight handling and staging areas.[35]

Given this increasing involvement, it is imperative that the ACCC be sufficiently resourced with both appropriate funding and personnel (with actual expertise in logistics) so it is able to discharge its duties effectively, cognisant of the many specialist and complex issues relevant to the freight logistics industry.

The Inquiry should therefore assure itself the ACCC has the capacity to play an enhanced role in promoting the efficient operation of the Australian supply chain.

RECOMMENDATIONS – THE ROLE OF THE ACCC

41. The Inquiry should recommend 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.

33 https://infrastructure.gov.au/roads/heavy/files/IPR-Discussion-Paper.pdf

34 See *Ports: What Measure of Regulation* - speech by ACCC Chairman Rod Sims at Ports Australia Conference, Melbourne 20 October 2016: https://www.accc.gov.au/speech/ports-what-measure-of-regulation

35 See ACCC *Airport Monitoring Report 2015-16* (March 2017): https://www.accc.gov.au/system/files/2015-16%20AMR%20revised%206%20March_0.pdf

ATTACHMENTS

ALC Forum 2017 – Getting the Supply Chain Right

COMMUNIQUE

More than 280 leaders from Australia's logistics industry, including major transport companies, policy-makers and academics, gathered at the ALC Forum in Melbourne from 7 to 9 March 2017 to discuss ideas, policies, solutions and technological developments that will help the industry focus on ***Getting the Supply Chain Right***.

Discussions at the Forum encompassed all aspects of the supply chain, and the event was an opportunity for delegates to examine, in a holistic way, the challenges and opportunities facing the logistics industry.

You can view the introductory video for the Forum **here**.

The Forum also constituted the first industry-wide gathering of the logistics sector's key representatives since Prime Minister Malcolm Turnbull confirmed in the November 2016 Annual Infrastructure Statement that the Federal Government will develop a National Freight and Supply Chain Strategy.

Accordingly, the focus of the Forum was firmly on what should be contained within the Strategy, and how to continue building recognition of its importance for the national economy as a whole.

The Minister for Infrastructure and Transport, the Hon. Darren Chester MP, also took the opportunity to announce the **terms of reference** for the *Inquiry into National Freight and Supply Chain Priorities*.

The Minister **confirmed** that the Draft Report will be released for industry comment in December 2017, with the Final Report due in the early months of 2018.

This Inquiry will hear from a range of industry and government experts, as well as examine Infrastructure Australia's **Australian Infrastructure Plan**, state freight and port strategies and the National Land Freight and Port strategies. These should play a critical role in informing the development of the National Freight and the Supply Chain Strategy.

During his speech to the ALC Forum, Minister Chester also **announced** the formation of an expert panel to advise the Government on the development of the Strategy.

Three outstanding logistics industry leaders have been appointed to the panel: Marika Calfas, Chief Executive Officer, NSW Ports; Maurice James, Managing Director, Qube Holdings; and Nicole Lockwood, Chair, Freight and Logistics Council of Western Australia.

The first two of these appointments are Directors of ALC, and the third was also a speaker at the Forum. This underscores the fact that ALC is the leading industry organisation promoting safe and efficient freight and supply chains in Australia.

Discussions at the Forum demonstrated a remarkable consensus across the industry about the urgent need to develop a National Freight and Supply Chain Strategy, as well as what needs to be incorporated within it.

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The economic and employment opportunities created through recent free-trade agreements and increasing freight efficiency within Australia are too important to squander through poor freight planning and bureaucratic inefficiency.

A detailed summary of the Forum's major outcomes and points of agreement is available **here**.

The content of the discussions that occurred during the Forum will now be used to inform the development of ALC's submissions to the Federal Government's Inquiry into freight and supply chain priorities.

The logistics sector must work effectively and cooperatively on the development of the National Freight and Supply Chain Strategy.

It is now up to all of us to engage with the wider community, to help demonstrate that a safer and more efficient supply chain results in benefits for everyone. In a modern society such as ours, no Australian can afford to be without ready access to an effective supply chain.

As the Inquiry is undertaken in the months ahead, ALC will continue playing a leading role to ensure that what ultimately emerges meets the needs of both the industry and the nation.

This will include holding a series of detailed workshops covering many of the issues discussed, so that the advice we provide to government is properly focused and addresses the real needs of the logistics industry.

ALC Forum 2017 was a crucial first step in what will be an intensive effort in the year ahead to develop the National Freight and Supply Chain Strategy.

It is clear that there is enormous enthusiasm across the logistics sector about the development of this Strategy.

Our key challenge now is to convert that enthusiasm into momentum for real action, and ensure that the Strategy ultimately delivers a supply chain that will produce significant national economic and social benefits.

Wednesday, 15 March 2017

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