

ALC Submission

2024-25 Budget

List of Recommendations

1. PEOPLE, WORKFORCE AND SKILLS SHORTAGES

1. Allocate funds for the nationwide expansion of the Wayfinder Supply Chain Careers for Women (Wayfinder) program to enhance Wayfinder's delivery and implementation. This will significantly boost diversity and increase the workforce in Australia's extensive and geographically dispersed supply chain and freight logistics operations. Wayfinder initiatives are being rolled out with limited program sponsor funds, they include:
 - Continuous development for the digitised Wayfinder Supply Chain Career Map
 - Ambassador Program – industry women share their stories
 - Supply Chain Courses – 'Community Awareness' and 'Transition to Supply Chain'
 - National Supply Chain Education Network (28 Universities and TAFEs)
 - Programs to foster an inclusive workplace
 - Schools Program
 - Australian Defence Force (ADF) transition program (partnership)
2. Fund a targeted education campaign to highlight job opportunities and career paths, including TAFE, higher education and schools' targeted career materials, to build the supply chain and freight logistics industry pipeline.
3. Workforce transformation is required to support Australia's optimisation of this complex global industry. For various reasons Australia's education and training system has failed to provide the necessary workforce development. An independent, industry-validated assessment study identifying Australia's end-to-end supply chain workforce issues and broad ranging national solutions is required to:
 - Identify current and future people, training and education needs across all levels of business from skilled and semi-skilled workers to executive management.
 - Explore how Australia's vocational and higher education system can be adjusted/structured to better serve the supply chain and logistics industry and Australia's trade future.
 - Identify the short to long term immigration needs of industry and recommendations to address shortages and build workforce capacity and capability.

2. FUEL SECURITY

1. National security funding in the Budget is required to develop and implement a strategic plan to protect Australia's critical supply chains during times of oil supply chain volatility.

2. Increase domestic oil stockholding to mitigate the extreme risk to Australia's supply chains and national sovereignty. Conduct a review to test the feasibility of investing in additional sovereign-owned storage facilities and strategic stocks.

3. DECARBONISATION

1. Fund direct investment in a domestic renewable diesel industry. Funding to facilitate the establishment of a local renewable diesel refinery in Australia.
2. Research and implement new fire technologies safety standards to address and alleviate safety concerns, promoting the smooth integration of EV trucks into critical transportation infrastructure.
3. Research on the local infrastructure, particularly bridges and pavement, to assess potential impacts from heavier vehicles.
4. A provision for immediate asset write-off for zero-emission vehicles (ZEVs) and associated infrastructure, including chargers.
5. Research the optimal locations of nationwide charging stations to maximise the effectiveness of existing investments.
6. Develop a single distance/location pricing mechanism applicable to all classes of vehicles to fund the construction and maintenance of Australian roads.
7. Continue funding initiatives identified by the Transport and Infrastructure Net Zero Roadmap and Action Plan.

4. INFRASTRUCTURE

1. Fully commit to fund projects of national significance once approved over the forward estimates period and beyond. Closely monitor the impact of the adoption of the 50:50 funding split for infrastructure funding to ensure the integrity of projects identified as projects of national significance.
2. Fund the development of a national system to codify national heavy vehicle access to road networks across all levels of government.
3. Government allocates funds to deliver a comprehensive Trade Single Window (TSW).
4. Fund completion of the Inland Rail business case to determine the preferred delivery option for an intermodal terminal in Queensland to the Port of Brisbane.
5. Progress planning for the Western Intermodal Freight Terminal and precinct, and secure necessary land.
6. Incentivise utilisation of freight rail for container movements into Australia's sea-ports.

5. NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY REVIEW

1. Develop a national approval process that encourages local, state, and territory governments to align their decision-making in the field of freight logistics. This would utilise intergovernmental agreements to establish transparent performance metrics, with associated payments contingent upon meeting these metrics.
2. Fund a dedicated workstream to ensure supply chain and logistics are a key element incorporated into the Urban Policy Forum
3. Funding be allocated to define the economic significance of the supply chain and freight logistics industry to Australia's GDP and national sovereignty, now and in the future given forecasts of significant increases in freight nationally over the next few decades.

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Introduction

The Australian Logistics Council (ALC) welcomes the opportunity to make a pre-budget submission relating to the 2024-25 Budget.

The Australian Logistics Council is the peak national body representing major companies participating in the end-to-end freight supply chain and freight logistics industry with a focus on delivering enhanced supply chain productivity, resilience and sustainability. Our members include infrastructure owners and operators such as ports and freight terminals, transport businesses and service providers through to those who rely on the safe and efficient movement of goods such as retailers and manufacturers.

We have focused on five specific issues:

1. People, Workforce and Skills Shortages
2. Fuel Security
3. Decarbonisation
4. Infrastructure
5. National Freight and Supply Chain Strategy Review

1. People, Workforce and Skills Shortages

Background: Workforce challenges confronting the industry are now critical; immediate investment by government is required to address current shortages and transform Australia's supply chain and logistics future. The Australia-wide challenges facing the industry include labour shortages, skills gaps, the ageing workforce, gender imbalance as well as worker and community wellbeing and safety.

For all ALC company members, workforce issues and a lack of skilled, talented labour is the top challenge and priority. Supply chains and logistics are fundamental to Australia's domestic and international trade and to Australia's sovereign capability; the industry is in crisis. 'Uncertainty is the new norm' and Australia's supply chain and freight logistics workforce is critical to achieve supply chain productivity, resilience and sustainability. Government support and investment is needed.

- The supply chain and freight logistics industry is a male dominated workforce, ageing more than twice as fast as the national average¹.
- The average age of a logistics worker is 45.6 years, while an equivalent trucking industry worker is 47 years, and a train driver is 48².
- Many of these workers have entered the workforce at a young age without formal qualifications and have gained their knowledge and skills through experience.
- COVID-19 and skills shortages across Australia generally intensified the competition for talent and skilled labour. Resultingly, demand has outstripped supply.

Public sector investment and renewed policy settings are required to attract, grow and retain a more diverse workforce and to transform skills development (vocational, undergraduate, post graduate and non-award programs).

¹ https://www.australianindustrystandards.org.au/wp-content/uploads/2021/06/20210609_TLI_IO.pdf

² Australian Industry Standards, Industry Outlook 2021, https://www.australianindustrystandards.org.au/wp-content/uploads/2021/06/20210609_TLI_IO.pdf

1.1. Creating a Diverse Pipeline of Students and Workers Entering the Industry

RECOMMENDATION

Allocate funds for the nationwide expansion of the *Wayfinder Supply Chain Careers for Women (Wayfinder)* program to enhance Wayfinder's delivery and implementation. This will significantly boost diversity and increase the workforce in Australia's extensive and geographically dispersed supply chain and freight logistics operations. Wayfinder initiatives are being rolled out with limited program sponsor funds, they include:

- **Continuous development for the digitised Wayfinder Supply Chain Career Map**
- **Ambassador Program – industry women share their stories**
- **Supply Chain Courses – 'Community Awareness' and 'Transition to Supply Chain'**
- **National Supply Chain Education Network (28 Universities and TAFEs)**
- **Programs to foster an inclusive workplace**
- **Schools Program**
- **Australian Defence Force (ADF) transition program (partnership)**

Women represent 50% of the Australian population but only 21% of the supply chain and freight logistics industry workforce. Most women in supply chain companies hold traditional female roles in HR, administration, PR and marketing etc., and far fewer are in the non-traditional female roles of logistics operations. Female Transport Engineers are as low as 15%³, Forklift Drivers as low as 4%⁴ and truck drivers are only 3% of the workforce⁵.

In 2022, the Wayfinder initiative (which has been developed and funded by industry since 2018), was given exemplar status in Australian Government research (DITRDCA and IMOVE CRC) into the transport industry. In 2023 the first government department DITRDCA then joined Wayfinder – indicating the importance of this funding submission.

Wayfinder's evidence-based initiatives have been developed to increase the visibility of careers in the supply chain and logistics industry, break down industry stereotypes and rethink talent acquisition, retention and promotion in supply chain and logistics. The program aims to create a new talent pipeline for Australia's supply chain and logistics industry.

The National Wayfinder Education Network includes members from 28 universities and TAFE colleges including the centralised TAFE NSW. The development of the network and its impact on skills and pipeline development is essential to the future of the industry.

Wayfinder research shows a lack of community awareness about career opportunities that needs to be addressed, as does the challenge of attracting and retaining women. Our research shows sexism and gender bias push many women away from the industry. While Wayfinder's tested and effective initiatives tackle these challenges head on, funding is needed to scale-up national delivery for material outcomes.

³ <https://labourmarketinsights.gov.au/occupation-profile/Transport-Engineers?occupationCode=233215>

⁴ <https://labourmarketinsights.gov.au/occupation-profile/Forklift-Drivers?occupationCode=7213>

⁵ <https://labourmarketinsights.gov.au/occupation-profile/Truck-Drivers?occupationCode=7331>

1.2. Awareness

RECOMMENDATION

Fund a targeted education campaign to highlight job opportunities and career paths, including TAFE, higher education and schools' targeted career materials, to build the supply chain and freight logistics industry pipeline.

A significant challenge faced by the transport, supply chain and freight logistics industries lies in the limited awareness and understanding of its diverse career opportunities. Too often the industry is incorrectly perceived narrowly as truck driving, roads and ports. The ALC's Wayfinder Supply Chain Career Map was developed to overcome this misconception. It documents 150 roles across 18 sectors from basic salary to top executive management roles including for example: supply chain management, logistics planning, warehousing optimisation, technology integration, robotics, automation, sustainability management, data science, urban planning and interconnected infrastructure systems engineering. Each area requires a profound understanding of global and domestic supply chain systems. Our companies and governments need talented and trained workers and sustainable education programs so supply chain productivity, resilience and sustainability is possible for our country.

A comprehensive education campaign is needed to highlight the diverse career paths but also to emphasise the industry's role in driving global trade, sustaining economies, and fostering innovation.

1.3. Skills Development

RECOMMENDATION

Workforce transformation is required to support Australia's optimisation of this complex global industry. For various reasons Australia's education and training system has failed to provide the necessary workforce development. An independent, industry-validated assessment study identifying Australia's end-to-end supply chain workforce issues and broad ranging national solutions is required to:

- **Identify current and future people, training and education needs across all levels of business from skilled and semi-skilled workers to executive management.**
- **Explore how Australia's vocational and higher education system can be adjusted/structured to better serve the supply chain and freight logistics industry and Australia's trade future.**
- **Identify the short to long term immigration needs of industry and recommendations to address shortages and build workforce capacity and capability.**

The 2023-24 review of the Australian Government's National Freight and Supply Chain Strategy highlighted the importance of workforce development as essential to enable the industry to handle increasing supply chain complexity in an era where uncertainty is the new norm. The fragility of Australia's supply chains and the ongoing need for resilience have been revealed through COVID-19 and ongoing climate related crises. BITRE and the DITRDCA forecast significant projected freight volume increases in the short to long term.

The productivity, resilience and sustainability of Australia's supply chain industry relies on the provision of relevant skills, training, and workforce development. Education structures that support these activities are fundamental as is the establishment of a pipeline of relevant skilled and knowledgeable workers in metropolitan and regional Australia. National skills and licensing recognition are needed to support the widely dispersed and mobile workforce.

The ability of the Australian tertiary education sector (vocational, undergraduate, and postgraduate) to respond to the industry's current and future workforce need is of significant ongoing concern. Australia's higher education sector's key performance incentives (international student revenue and peer reviewed academic publications in specific academic disciplines) precludes the comprehensive provision of education and training for supply chain and freight logistics which requires applied and cross-disciplinary education. Furthermore, a general lack of understanding about supply chain and freight logistics results in the incorrect assumption that the industry only needs vocational education.

Options to accessing alternative pathways to skills, training, capability and capacity development (including new award and non-award credentials, attracting international students and looking overseas for fit-for-purpose education partnerships) are required to address ongoing issues.

2. Fuel security

2.1. Oil Security and Supply Chain Resilience

RECOMMENDATION

National security funding in the Budget is required to develop and implement a strategic plan to protect Australia's critical supply chains during times of oil supply chain volatility.

The war in Ukraine, terrorism in the Red Sea, and Europe's reliance on Russian coal, oil and gas demonstrate the interdependency of economic and international security. Australia's energy consumption is almost 40 percent oil⁶ with over 90 percent⁷ derived from imports. Dependency on imported oil and lack of reserves, makes Australia ill-prepared to deal with a disruption to supply, particularly with the heightened geopolitical risks we currently face.

Given the pivotal role of supply chain and freight logistics in the Australian economy, any supply disruption necessitates a careful assessment of demand and the prioritisation of logistics needs. **Creating a clear hierarchy of need becomes vital to ensure that freight, which is indispensable to the economy but often overlooked in public opinion, remains supported and operational during disruptions.**

Australia needs a clear plan to mitigate sudden disruption to fuel supplies, prioritising circulation of goods over personal transport where necessary. This means ensuring the supply chain and freight logistics industry is supported with efficient infrastructure and access to reliable fuel supplies to ensure continuity, meeting societal and national interest needs.

⁶ Department of Climate Change, Energy, the Environment and Water (2022), Australian Energy Statistics, Table C <https://www.energy.gov.au/data/energy-consumption>

⁷ Department of Climate Change, Energy, the Environment and Water (2022), Australian energy supply and trade, by fuel type, energy units (Table J)

<https://www.energy.gov.au/sites/default/files/Australian%20Energy%20Statistics%202022%20Table%20J.xlsx>

2.2. Strategic Stockholding

RECOMMENDATION

Increase domestic oil stockholding to mitigate the extreme risk to Australia's supply chains and national sovereignty. Conduct a review to test the feasibility of investing in additional sovereign-owned storage facilities and strategic stocks.

The ALC is concerned that should a geopolitical incident disrupt the flow of oil to Australia, Australia's national road and rail-based supply chains would come to a grinding halt within a maximum of 21 days⁸.

Since 1979, Australia has been a member of the International Energy Agency (IEA) requiring the country holds at least 90 days of net oil imports. Australia has not been able to achieve this commitment since 2012⁹ due to the heavy reliance on imports and diminishing domestic refining capability. In October 2023, Australia had 54 IEA days of net import coverage¹⁰ the lowest total of all 27 IEA countries listed (the next lowest being Türkiye with 92 days). The calculation of this figure includes domestic stocks as well as strategic stocks held overseas under bilateral agreements. The international reserves are not meant to flow to Australia if there are shortages, rather to stabilise global oil prices. In a crisis event, this fuel will not reach Australia.

There are a range of measures in place to ensure Australia is compliant by 2026¹¹. ALC members welcome the past initiative to invest up to \$260 million to expand Australia's diesel storage capacity¹², however the program is structured to match private investment in the construction of new diesel storage. The scale of projects eligible for grants precluded many companies (i.e. transport operators) from accessing funds to invest in new back-to-base diesel storage facilities. By lowering the threshold, more (smaller) CAPEX investments could qualify. The facilities will be governed by commercial realities and the ongoing operational life cycles may be cut short, changing Australia's fuel holding quickly. Australia is one of 6 countries on the IEA that have no government-owned stocks. Instead, Australia is reliant entirely on stocks held for commercial and operational purposes as well as stocks held by industry to meet minimum national stockholding requirements.

Australia's response to a fuel supply crisis is governed under the *Liquid Fuels Emergency Act 1984* (the LFE Act)¹³. Under section 16 of the LFE Act, the Government may declare a liquid fuel emergency. The emergency powers to ration fuel stocks, established under the LFE Act, could take up to three weeks to be implemented¹⁴. The long timeframe for implementing the rationing and direction powers could exhaust much of the total consumption coverage. The Albanese Government's recent increase in the minimum stock holding obligations of the two Australian

⁸ Australian Petroleum Statistics as at November 2023

<https://app.powerbi.com/view?r=eyJrIjoiY2RiYjUzYTMtMjBkZS00OGI1LWYyMWYtN2M3OGNmMzAzMTBjIiwidCI6IjA3MDk5MWRkLWNkYjctNDc2Zi04MGRjLWU4YzNhOTFjNzBhZiJ9>

⁹ Department of Climate Change, Energy, the Environment and Water (2022), IEA petroleum net import cover <https://app.powerbi.com/view?r=eyJrIjoiY2RiYjUzYTMtMjBkZS00OGI1LWYyMWYtN2M3OGNmMzAzMTBjIiwidCI6IjA3MDk5MWRkLWNkYjctNDc2Zi04MGRjLWU4YzNhOTFjNzBhZiJ9>

¹⁰ IEA (2022), Oil Stocks of IEA Countries, IEA, Paris <https://www.iea.org/data-and-statistics/data-tools/oil-stocks-of-iea-countries>

¹¹ Agreement on an International Energy Program treaty, <https://www.energy.gov.au/government-priorities/international-activity/international-energy-agency-iea-program-treaty>

¹² Expanding Australia's diesel storage (2021), <https://www.energy.gov.au/news-media/news/expanding-australias-diesel-storage>

¹³ Commonwealth of Australia (1984) Liquid Fuel Emergency Act 1984, <https://www.legislation.gov.au/Details/C2012C00171>

¹⁴ Department of the Environment and Energy (2021) Liquid Fuel Security Review – Interim Report

refineries¹⁵ (from 20 to 32 days for diesel fuel) is a policy step in the right direction, however urgent action is needed and significantly more capacity is required to ensure resilience of our supply chains.

3. Decarbonisation

Background

As the lifeblood of Australia's economy, freight transport's heavy dependence on oil poses extreme risk to the economy, society, and national sovereignty. The diversification of the energy mix in Australia's freight transport industry would improve both fuel efficiency and energy security through reducing the overall demand for oil, subsequently increasing the number of vehicles unaffected by oil supply disruptions.

The transport industry is the largest consumer of energy in Australia¹⁶ and is almost exclusively reliant on oil. Industry accounts for 69 percent of Australia's liquid fuel demand, the majority of which is road transport¹⁷.

While heavy vehicle alternatives are evolving challenges persist, including Australia's inability to access and import trucks not reliant on oil. Australia also suffers from a lack of effective charging infrastructure for trucks, the price of Zero Emission Vehicles (ZEV) is prohibitive, and the electricity grid is inadequate for the task.

ALC appreciates the government's commitment to net-zero by 2050 and supports initiatives like the Technology Investment Roadmap, funded by ARENA and CEFC. The ALC believes however that a specific and targeted focus on the heavy vehicle sector is essential to achieve Australia's decarbonisation targets.

3.1. Alternative Fuels

RECOMMENDATION

Fund direct investment in a domestic renewable diesel industry. Funding to facilitate the establishment of a local renewable diesel refinery in Australia.

Immediate decarbonisation for heavy vehicles involves local production of renewable diesel (HVO), which is chemically identical to conventional diesel. Derived from renewable sources, it offers a 75-95 percent reduction in emissions¹⁸, without engine modifications. Current hurdles in Australia include National Diesel Standards limiting HVO adoption due to specified density requirements.

¹⁵ Australia's fuel reserves boosted to strengthen resilience and supply (2022)

<https://minister.dcceew.gov.au/bowen/media-releases/australias-fuel-reserves-boosted-strengthen-resilience-and-supply#:~:text=petrol%20E2%80%93%2024%20days%20from%201,32%20in%202024%20for%20importers>

¹⁶ Department of Industry, Science, Energy and Resources (2022) Australian Energy Update 2022, Table H3, <https://www.energy.gov.au/sites/default/files/Australian%20Energy%20Statistics%202022%20Table%20H.xlsx>

¹⁷ Fuel Security Bill 2021

https://www.aph.gov.au/About_Parliament/Parliamentary_Departments/Parliamentary_Library/FlagPost/2021/June/Fuel_Security_Bill_2021

¹⁸ <https://www.biobased-diesel.com/post/heavy-vehicle-industry-australia-joins-call-to-establish-local-renewable-diesel-industry>

In the US, policies like the Renewable Fuel Standard and California's Low Carbon Fuel Standard incentivise biofuel development. Australian tallow is converted to renewable diesel in Singapore for the Californian market, while canola seed, exported to Europe, contributes to biodiesel¹⁹.

Although no commercial renewable diesel production exists in Australia, companies are exploring domestic options²⁰. Encouraging through funding domestic production and setting competitive pricing frameworks would drive rapid adoption, ensuring grid resilience, mitigating supply chain risks, and eliminating the need for additional infrastructure modifications.

The Australian Government needs to invest in the establishment and fast upscaling of a domestic renewable diesel industry. An integrated policy response inclusive of tax treatment, capital grants and incentives would be expected to reduce barriers inhibiting the development of an Australian renewable fuels industry.

It is also critical that government supports alternative fuels to decarbonise internal combustion engines (ICE) used in all transport modes – air, rail, sea and road. Given its vast land mass and low population density, heavy and long haul road transport will rely on ICE technology for the foreseeable future, as lighter shorter haul vehicles electrify. As such, alternative fuels will play a key role in decarbonising Australia's rural and remote road freight task.

3.2. Research on Fire Safety for Electric Vehicles

RECOMMENDATION

Research and implement new fire technologies safety standards to address and alleviate safety concerns, promoting the smooth integration of EV trucks into critical transportation infrastructure.

Advancing the adoption of electric vehicles (EVs), particularly trucks, involves researching and implementing cutting-edge fire safety technologies. Currently, some states exhibit resistance to permitting EV trucks on bridges and in tunnels due to safety concerns. The EV Map published by the Victorian²¹ and South Australian Governments show they are mostly excluding bridges and tunnels which are of strategic importance to the optimisation of supply chain freight road networks²².

In contrast, Europe showcases a more progressive approach²³, where battery electric vehicles (BEVs) meeting safety standards are treated on par with traditional heavy vehicles. By undertaking research into new technology fire safety, we can address and alleviate safety concerns, promoting the smooth integration of EV trucks into critical transportation infrastructure, thereby fostering a safer and more sustainable future.

¹⁹ CEFC (2019) Biofuels and Transport: An Australian opportunity
<https://www.cefc.com.au/media/4f2dctmf/biofuels-and-transport-an-australian-opportunity-november-2019.pdf>

²⁰ Government of WA (2022) Renewable Diesel Factsheet
<https://www.agric.wa.gov.au/sites/gateway/files/Renewable%20Diesel%20Factsheet.pdf>

²¹ <https://www.vicroads.vic.gov.au/business-and-industry/heavy-vehicle-industry/heavy-vehicle-map-networks--in-victoria/low-or-zero-emission-heavy-vehicles>

²² <https://www.sa.gov.au/topics/driving-and-transport/heavy-vehicles/operating-a-heavy-vehicle/low-and-zero-emission-heavy-vehicle-trial-scheme>

²³ <https://www.arrb.com.au/news/electric-vehicle-fires-in-tunnels>

3.3. Research on Local Infrastructure Impacts:

RECOMMENDATION

Research on the local infrastructure, particularly bridges and pavement, to assess potential impacts from heavier vehicles.

As we transition towards EVs with higher axle masses, it is important to conduct research on the local infrastructure, particularly bridges and pavement, to assess potential impacts. This research aims to understand how increased loads from these vehicles may affect the structural integrity of existing infrastructure. Furthermore, findings from global experiences can help inform strategies for improving local roads and infrastructure to accommodate the evolving needs of electric transportation. Consideration of these impacts will be integral in ensuring the durability and longevity of our infrastructure, prompting discussions on potential funding avenues for road and infrastructure improvements based on global best practices and learnings.

3.4. Financing

RECOMMENDATION

A provision for immediate asset write-off for Zero Emission Vehicles (ZEVs) and associated infrastructure, including chargers.

The heavy vehicle transport industry is fragmented; some operators have large fleets others a single truck. Freight is a single digit margin industry, due to a competitive rates market and low operating margins. There is a national decarbonisation need for all operators to invest in ZEVs. Government funding will be necessary to support small and medium companies transition.

To expedite the transition to sustainable transportation, the ALC proposes an immediate asset write-off for zero-emission vehicles (ZEVs) and associated infrastructure, including chargers. This streamlined approach offers several advantages, notably simplicity, efficiency, and broad scale accessibility.

The proposed incentive simplifies administrative processes by eliminating lengthy applications, ensuring a quick and efficient system for both taxpayers and government agencies. It provides a substantial cash benefit at tax time, equivalent to over 40 percent of the purchase price, encouraging swift adoption and stimulating economic activity.

Unlike other incentives, it maintains the market value of ZEVs, preserving their perceived worth among businesses and consumers. Importantly, it has no adverse impact on the residual value of ZEVs, supporting long-term sustainability goals.

Accessible to 100 percent of the market, this would promote widespread adoption across various sectors.

3.5. Public charging infrastructure

RECOMMENDATION

Research the optimal locations of nationwide charging stations to maximise the effectiveness of existing investments.

Lack of charging infrastructure poses a significant challenge for the heavy vehicle industry in Australia. Currently, the scarcity of fast charging stations for heavy vehicles hampers effective trip planning, especially during long-haul journeys. While depots may offer recharging options, the imperative for strategically positioned charging stations enroute and between destinations is paramount to facilitate a seamless transition to Electric Vehicles (EVs).

Public charging infrastructure will be required at locations across metro regions, in industrial complexes, at existing trucks stops, along highways, and at service stations to support existing truck operations.

Within metropolitan regions, public charging will facilitate the transition for operators who do not own the land on which they park their trucks or do not have depots. Additionally, it will support fleet operations that need a top-up during their routes.

Along freight routes, public charging infrastructure supports intercity and interstate fleet operations, addressing range anxiety and enabling seamless integration of EVs into long-haul operations.

Prioritising driver wellbeing, public charging infrastructure should be co-located with rest facilities, promoting effective fatigue management along both freight routes and in metropolitan regions. This alignment enhances safety and sustainability in heavy vehicle operations.

3.6. Road user pricing

RECOMMENDATION

Develop a single distance/location pricing mechanism applicable to all classes of vehicles to fund the construction and maintenance of Australian roads.

In the face of a growing shift to Zero Emission Vehicles (ZEVs) and the subsequent decline in fuel excise revenue, the sustainability of Australia's road network funding model is at risk. With less petrol and diesel consumption, a decrease in revenue is imminent, affecting critical road infrastructure investment.

As the freight task expands and urban infrastructure faces greater strain, States and Territories are diverging on implementing a road user charge for electric vehicles, adding complexity to the funding landscape. Relying solely on fuel excise is no longer viable.

The expectation is that road users will pay some form of per kilometre charge for road access, regardless of their vehicle class. If this does not happen, there will be insufficient investment in new road infrastructure and maintenance, increasing congestion, reducing safety, hampering efficiency and negatively impacting productivity.

Reforming road funding by implementing a road user charge in place of excise and other road-related charges such as licensing and registration has been recognised by groups such as IA24, Infrastructure Victoria²⁵ and the Productivity Commission²⁶ and as from 1 April 2024, the owners of light electric vehicles in New Zealand will pay \$76 per 1000 kilometres driven, with the Government indicating the policy rationale as being:

With the increasing uptake of EVs and plug-in hybrids being brought into the Road User Charge (RUC) system, this means that these vehicles will now be contributing towards the maintenance and upkeep of our roading system like all other road users and will support the Government's priority of building and maintaining our roading network.²⁷

It is critical that a road user pricing regime is consistent across Australia to minimise complexity for transport operators. After all, road user pricing will effectively replace a simple Federally administered excise regime. If not a Federal scheme, at the very least states should ensure consistency and interoperability of road user pricing.

3.7. Net Zero Roadmap and Action Plan

RECOMMENDATION

Continue funding initiatives identified by the Transport and Infrastructure Net Zero Roadmap and Action Plan.

The Department of Transport and Infrastructure is developing a Transport and Infrastructure Net Zero Roadmap and Action Plan that promises to develop a clear strategy to reduce emissions, support commitments to reduce greenhouse gas emissions, maximise on economic and productivity opportunities, provide investors with future investment certainty, and deliver a nationally consolidated approach to accelerate decarbonisation for key sectors.²⁸

The intention is to build on other announced initiatives including (amongst other things) the development of a Fuel Efficiency Standard through the National Electric Vehicle Strategy, promoting sustainable fuels and other emerging technologies for aviation and maritime and developing a Maritime Emissions Reduction National Action Plan.

The Government is to be commended for developing these initiatives. However, if Net Zero is to be delivered as promised, it is important that initiatives identified and then committed to, are properly funded.

²⁴ Infrastructure Australia, 2021 Implementation Pathway, 2021 Australian Infrastructure Plan <https://www.infrastructureaustralia.gov.au/sites/default/files/2021-09/Implementation%20Pathway%20%28IP%29.pdf>

: 38 and 57-58 15

²⁵ Infrastructure Victoria, Victoria's infrastructure strategy 2021-51, Volume 1, <https://www.infrastructurevictoria.com.au/wp-content/uploads/2021/08/1.-Victorias-infrastructure-strategy-2021-2051-Vol-1.pdf> - recommendation 53

²⁶ Productivity Commission, Shifting the dial, 5 year productivity review, supporting paper 9, funding and investment for better roads, 3 August 2017 <https://www.pc.gov.au/inquiries/completed/productivity-review/report/productivity-review-supporting9.pdf>

²⁷ News Release, Electric Vehicles to pay road user charges, 16 January 2024 <https://beehive.govt.nz/release/electric-vehicles-pay-road-user-charges>

²⁸ <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/transport-and-infrastructure-net-zero-roadmap-and-action-plan>

4. Infrastructure

4.1. Prioritisation of Projects of National Significance

RECOMMENDATIONS

Fully commit to fund projects of national significance once approved over the forward estimates period and beyond. Closely monitor the impact of the adoption of the 50:50 funding split for infrastructure funding to ensure the integrity of projects identified as projects of national significance.

Two significant reports were published during 2023. The Final Report of the Independent Review of the National Partnership Agreement on Land Transport Infrastructure Projects²⁹ made a number of recommendations for government consideration as the National Partnership Agreement (NPA) on Land Transport Infrastructure Projects expires³⁰ and a new Land Transport Federation Agreement commences. They included several technical amendments to the project approval process to enable more efficient management of the infrastructure investment pipeline.

The Independent Strategic Review of the Infrastructure Investment Program³¹ reiterated many of the recommendations contained in the NPA Review as well as emphasising the need to ensure that the construction pipeline delivers projects in a coordinated manner.

Recommendations included that:

- a number of projects approved by the previous government proceed, others undergo further planning, and 82 projects would no longer be funded³²
- the Australian Government adopt a policy of funding 50 percent of nationally significant land transport projects³³
- multiyear rolling programs be funded, informed by state and territory ten-year plans that target specific outcomes or corridors with sequenced priorities across local government and jurisdictional borders where appropriate.

The ALC agrees with many of the recommendations.

As indicated in Infrastructure Australia's 2023 Infrastructure Market Capacity Report³⁴ there are several market capacity constraints that inhibit the ability of the sector to deliver projects on time and on budget, including skill shortages, non-labour supply challenges and stagnating productivity.

This means it is appropriate for the Government to encourage an improved sequencing of significant infrastructure projects.

²⁹ <https://www.infrastructure.gov.au/sites/default/files/documents/nlt-npa-review-report.pdf>

³⁰ On 30 June 2024

³¹ <https://www.infrastructure.gov.au/department/media/publications/independent-strategic-review-infrastructure-investment-program-executive-summary>. Executive summary only made public.

³² 32 of the 82 projects will still received funding. The Government did not reveal which projects retained funding and why: Federal funding for 50 infrastructure projects pulled after cost blowouts 16 November 2023: <https://www.news.com.au/finance/economy/australian-economy/federal-funding-for-50-infrastructure-projects-gutted/news-story/74584562916ee0622034115926d0f8eb>

³³ As identified by the *Infrastructure Policy Statement*: <https://www.infrastructure.gov.au/sites/default/files/documents/infrastructure-policy-statement-20231114.pdf>

³⁴ <https://www.infrastructureaustralia.gov.au/publications/2023-infrastructure-market-capacity-report>

ALC also agrees to the adoption of the corridor approach to funding as a positive shift towards an improved and integrated approach to infrastructure investment.

However, ALC also notes the move to 50:50 funding of infrastructure from the traditional 80:20 model and that many of the savings contained in the most recent MYFEO report came from the delay in infrastructure projects³⁵.

The traditional funding model recognised the vertical fiscal imbalance existing in the Australian Federation of States: The Australian Government raised most of the revenue, however the States and Territories are responsible for much of the expenditure.

Care must be taken to ensure that the infrastructure vital for productivity improvement is delivered and not frustrated because the lower tiers of government do not have the capital available to invest in a project.

It is also imperative that, to resist the temptation of using infrastructure investment as a budget balancing item, the Australian Government develop a clear statement of the type of project it will fund, and then adopt a fiscal rule to commit to funding the project through the forward estimates period and beyond.

4.2. Road Network Utilisation

RECOMMENDATION

Fund the development of a national system to codify national heavy vehicle access to road networks across all levels of government.

The level of success achieved by local, state and national governments in enabling heavy vehicles to appropriately navigate the road network, both safely and productively, is important to economic development.

A modern road structure is designed to be in service for 100 years, and a road pavement is typically designed to be in service for 40 years. Vehicle engineering advances over these same timeframes have provided the ability to build and operate larger and heavier combinations. Much of the road network is not designed for, or constructed to accommodate this contemporary heavy vehicle fleet, its activity, and its demand for access.

Therefore, heavy vehicle access to the road network needs to be managed in a way that maximises heavy vehicle productivity, without compromising safety, using the available infrastructure. Resources also need to be directed to identifying and addressing network 'deficiencies' that impede heavy vehicle productivity, and, in turn, economic return and/or recovery.

These requirements cannot be optimised by responding with a permit-based access system and cannot be efficiently sustained by relying on pre-approved routes. A dynamic system to codify national heavy vehicle access to road networks across all levels of government is required. Through joint agreement with federal, state and territory governments, this tool would support local government.

³⁵ \$10b budget savings mostly delayed roads and rail funding *Australian Financial Review* 13 December 2023 <https://www.afr.com/politics/federal/10b-budget-savings-mostly-delayed-roads-and-rail-spending-20231213-p5er3f>

Currently there are multiple systems competing in this space with varying capabilities and user experiences. There is a need for federal government oversight to leverage economic gains for a single system for all users of the heavy vehicle freight network.

4.3. Trade Single Window

RECOMMENDATION

Government allocates funds to deliver a comprehensive Trade Single Window (TSW).

The Australian border is an essential national asset. It safeguards Australians and their unique environment from border and biosecurity risks, while facilitating cross-border trade that is essential to the national economy. With one in five Australian jobs trade-related, and trade in goods representing 45.7 percent of Australian GDP³⁶, the importance of cross-border trade to national wellbeing and prosperity is clear.

Businesses highlight concerns about border permits, citing inconsistent transparency, varying service standards across agencies, difficulty in navigating regulatory requirements, and cumbersome manual processes for permit applications.

The need for a Trade Single Window (TSW) has been recognised in several international agreements such as the World Customs Organization's SAFE Framework of Standards to Secure and Facilitate Global Trade, and the World Trade Organization's Trade Facilitation Agreement (TFA). The TFA has a specific requirement that contracting parties have a TSW³⁷. The Australian trade systems suffer from lack of ongoing investment, duplicative, fragmentation, with limited interoperability and data sharing. Many ICT systems also rely on high levels of manual processing. Australian importers and exporters identified difficult to use, inflexible technology as an impediment to doing business³⁸.

Australia does not yet have a comprehensive TSW, or an established framework for TSW development and implementation.

The Australian Government has reaffirmed its commitment to modernising Australia's cross-border trade environment providing \$53.5 million over 4-years from 2023–24³⁹ to develop the Simplified Trade System (STS). While not a full TSW, the STS may act as a centralised portal for reporting transactions, aiming to simplify trade interactions with the government.

The Maritime Single Window (MSW) is another project, led by the Department of Infrastructure, Transport, Regional Development, Communications and the Arts, to develop a piece of maritime transport specific infrastructure that will streamline current international and domestic reporting arrangements for vessels entering, staying, and departing Australian ports⁴⁰. Digitising and sharing this information in near real time will enhance the efficiency of ports and link into an international data sharing network to improve visibility of maritime activities. This project is aligned with the Simplified Trade System Implementation Taskforce team to ensure all future trade ICT systems are interoperable and complementary to the Maritime Single Window.

³⁶ <https://www.dfat.gov.au/publications/trade-and-investment/trade-and-investment-glance-2020>

³⁷ <https://www.rigbycooke.com.au/where-to-for-australia-on-the-trade-single-window/>

³⁸ <https://www.simplifiedtrade.gov.au/simplifying-trade/driving-reform>

³⁹ <https://www.simplifiedtrade.gov.au/news-events/2023-24-myefo-simplified-trade-system-update>

⁴⁰ <https://www.infrastructure.gov.au/maritime-single-window>

Current funding for developing the framework for the STS and MSW is only for a limited period and is unlikely to be enough to develop a TSW. It is estimated that the development is a seven-to-10-year project and long-term budget allocation is required⁴¹.

The ALC remains committed to supporting this work and recommend that the government allocate funds to deliver a comprehensive Trade Single Window to streamline and simplify processes for traders, allowing them to submit customs and regulatory information required for import, transit or export of goods once only through a single point of entry, strongly increasing gains through trade facilitation.

4.4. Inland Rail

RECOMMENDATION

Fund completion of the Inland Rail business case to determine the preferred delivery option for an intermodal terminal in Queensland to the Port of Brisbane.

Inland Rail remains an important national project to meet Australia's growing demand for rail freight, improve road safety, and help decarbonise the economy.

As noted in the Independent Review of Inland Rail Report, rail presents an opportunity to assist Australia's decarbonisation effort. It is four times more efficient than road freight and as projected, the Inland Rail project has the potential to remove 200,000 truck movements cutting carbon emissions by 750,000 tonnes per year⁴².

Work is progressing on several of the southern projects, including upgrading parts of the existing Melbourne - Sydney interstate corridor that will ultimately form part of the Inland Rail route. The Government's focus is on the southern section, the northern section appears to be in a state of uncertainty. Only two upgrades have been completed so far leaving the Parkes - Narromine and Narrabri - North Star sections - effectively shelved for the time being⁴³. Furthermore, there is still a noticeable lack of assurance regarding a suitable connection – whatever that might be – to the Port of Brisbane.

Establishing a well-connected freight rail route linking Inland Rail to the Port of Brisbane would alleviate freight-related congestion and enhance the overall liveability of Southeast Queensland. It is imperative that the Queensland section of the Inland Rail project receives due attention and progresses swiftly.

The ALC acknowledges the Australian Government committed to contribute up to \$10 million for a joint business case to consider the development of an intermodal terminal in Brisbane to support Inland Rail⁴⁴. It is also noted that \$20m allocated in prior years for the corridor study from Ebenezer to Port of Brisbane remains open and no material work has been done to date.

⁴¹ <https://www.rigbycooke.com.au/where-to-for-australia-on-the-trade-single-window/>

⁴² <https://www.infrastructure.gov.au/sites/default/files/documents/independent-review-of-inland-rail-report.pdf>: 31

⁴³ <https://www.graincentral.com/news/narrabri-port-great-southern-network-shelved-after-review/>

⁴⁴ <https://investment.infrastructure.gov.au/projects/111245-20qld-mrl>

4.5. Western Intermodal Freight Terminal (WIFT)

RECOMMENDATION

Progress planning for the Western Intermodal Freight Terminal and precinct, and secure necessary land.

Australia's growing freight task requires intermodal freight terminals across the freight transport network to support Australia's supply chain system, as well as the development of connecting transport networks, and avoidance of operating restrictions from incompatible land uses^{45,46}.

Intermodal freight terminals across the country play a pivotal role in seamlessly connecting road and rail networks with customer-facing industry operations and air and sea ports. Strategically located terminals with good transport connections facilitate efficient freight movement and minimise supply chain costs⁴⁷.

The Western Intermodal Freight Terminal (WIFT) is a significant infrastructure project planned for Truganina in Victoria with a rail connection from the inland rail to Truganina via the Outer-Metropolitan Ring Transport Corridor and the Port of Melbourne. It could also ultimately connect it to the long term plan for a proposed Bay West Port.

The price of metropolitan Melbourne land continues to rise and has grown faster than the rate of inflation, and industrial land values in different areas of Melbourne increased from 25 percent to 105 percent in the five years to 2019⁴⁸. In such circumstances, any further delay in acquiring land for WIFT and the related freight corridor will add materially to project cost. Protecting future options by reserving land and corridors will yield substantial cost savings. These savings could be further increased if land is acquired early.

It is critical that all levels of government recognise the importance of both the WIFT and the Beverage Intermodal Freight Terminal (BIFT) in Melbourne's north (it should not be an either/or debate). Both terminals would play a key role in enabling greater mode-shift and connectivity between north-south and east-west rail corridors. Furthermore, the WIFT would play a key role in enhancing the viability of rail connectivity to the Port of Melbourne to alleviate future congestion and enable rising freight volumes through the port.

⁴⁵ Brimbank City Council, Submission to Victoria's draft 30-year infrastructure strategy, 2021, www.infrastructurevictoria.com.au/wp-content/uploads/2021/05/S030-Brimbank-City-Council_Redacted.pdf

⁴⁶ NSW Productivity Commission, Infrastructure contributions review (website), productivity.nsw.gov.au/infrastructure-contributions-review, p. 84.

⁴⁷ NSW Productivity Commission, Review of infrastructure contributions in New South Wales, final report, 2020, p. 93, NSW Treasurer and NSW Minister for Planning and Public Spaces, 'Roadmap to reform rolled out for infrastructure contributions', 5 March, 2021 (website), www.planning.nsw.gov.au/News/2021/Roadmap-to-reform-rolled-out-for-infrastructure-contributions

⁴⁸ <https://www.infrastructurevictoria.com.au/report/3-2-improve-freight-efficiency-for-industry-competitiveness/>

4.6. Freight Rail Incentivisation

RECOMMENDATION

Incentivise utilisation of freight rail for container movements into Australia’s sea ports.

A strategic and coordinated approach to incentivise freight rail transport in short-haul urban corridors to the port is essential to reduce the reliance on trucks and alleviate congestion on our roads. The significance of such an approach is underscored by the findings of BITRE's 2023 Trainline report, which identifies six key freight routes across the nation:⁴⁹.

1. Yennora – Port Botany (approximately 40 kilometres)
2. Minto – Port Botany (approximately 55 kilometres)
3. Enfield – Port Botany (approximately 18 kilometres)
4. Direk/Penfield – Outer Harbor, Port Adelaide (approximately 25 kilometres)
5. Forrestfield/Kewdale – Fremantle (Inner Harbour) (approximately 24 kilometres)
6. Fremantle (North Quay) – Kwinana (approximately 28 kilometres)

A nationally coordinated strategy in incentivising rail usage along these corridors holds the potential to enhance efficiency, reduce environmental impact, and contribute to a more sustainable and streamlined freight transportation system. By actively promoting rail alternatives for short-haul urban maritime container transportation, we can optimise the use of existing infrastructure and pave the way for a more resilient and environmentally friendly logistics network.

5. National Freight and Supply Chain Strategy Review

Background

Australia’s first National Freight and Supply Chain Strategy (**NFSCS**) was released in 2019. It provided foundations for improving the efficiency, effectiveness and reliability of Australian supply chains. Over the past few years, supply chains have experienced ongoing and compounding disruptions of the scale never envisaged when the strategy was being developed.

While the foundations of the strategy remained strong, Infrastructure and Transport Ministers agreed to bring forward the first review from 2024 to 2023 to ensure the strategy remains fit for purpose in the current environment.

ALC and its members made substantial contributions to the review of the Strategy, beginning with the industry-led inquiry that comprehensively reviewed the Strategy and identified the issues that need to be addressed.

5.1. Agreement on incentives and success drivers

RECOMMENDATION

Develop a national approval process that encourages local, state, and territory governments to align their decision-making in the field of freight logistics. This would utilise intergovernmental agreements to establish transparent performance metrics, with associated payments contingent upon meeting these metrics.

One of the most significant outcomes of the review was a need for agreement on incentives (and penalties) to drive coordination and success within the Strategy. Currently, there's a lack of

⁴⁹ <https://www.bitre.gov.au/sites/default/files/documents/trainline-10.pdf>

government obligations to incorporate the Strategy into policy and investment decisions, hindering its integration into decision-making processes at all government levels.

To address this, an agreement must be established across different government levels and departments, ensuring tangible measures deliver outcomes. This could involve tying federal funding to states and territories to progress in achieving Strategy objectives outlined in intergovernmental agreements. By linking financial support to concrete achievements, this approach becomes a potent incentive, actively encouraging alignment with and fulfillment of the Strategy's goals. This framework should encompass both freight-specific and shared network projects, addressing issues at the local government level, including accessibility constraints and regulations impacting first and last mile deliveries. In essence, it provides the necessary structure and incentives to bridge existing gaps and prioritise the advancement of freight and supply chain considerations in government decision-making processes.

5.2. Urban Policy Forum

RECOMMENDATION

Fund a dedicated workstream to ensure supply chain and freight logistics are a key element incorporated into the Urban Policy Forum.

The Urban Policy Forum was established by Minister Catherine King in 2023 but supply chain and freight logistics expertise is not incorporated in the expert panel. Pre-pandemic, supply chain and multimodal freight logistics were the 'hidden fundamental enabler' of the Australian economy, but COVID-19 brought them to centre front of stage and their global, national, and local vulnerability became a great learning for governments and the community alike. Supply chains and freight logistics planning in urban areas is essential to supply chain productivity, resilience, and sustainability. Consequently, a dedicated workstream is required to ensure the complex supply chain issues in urban areas is not relinquished to the pre-pandemic position of 'hidden enabler'.

5.3. Economic Significance

RECOMMENDATION

Funding be allocated to define the economic significance of the supply chain and freight logistics industry to Australia's GDP and national sovereignty, now and in the future given forecasts of significant increases in freight nationally over the next few decades.

Research should be undertaken that is aimed at defining the significance of the supply chain and freight logistics industry sector and to quantify GDP and GSP contributions as well as jobs created, both now and in the future. These efforts should be industry-led to ensure that accurate data is collected and analysed to generate beneficial insights for both the government and industry. Such an initiative will provide an accurate overview of the sector's contribution to the overall prosperity of Australia's economy.