

ALC Submission

2025-26 Budget

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TABLE OF RECOMMENDATIONS:

1. Meet the IEA minimum fuel requirements.
2. Develop policies that prioritise fuel allocation for freight operations during energy disruptions to safeguard supply chain continuity and economic stability.
3. Establish policy mechanisms that incentivise private sector investment in domestic refining capacity, enhancing Australia's energy resilience and fuel security.
4. Strengthen the *Liquid Fuels Emergency Act* to enhance contingency planning, response frameworks, and industry coordination during energy crises.
5. Foster collaboration between government and industry to develop consistent standards and regulatory certainty, supporting long-term fuel security and investment in sustainable energy solutions.
6. Reform policy frameworks to accelerate the adoption of Zero Emission Vehicles (ZEVs) in freight and logistics, with a focus on implementing equitable road pricing mechanisms and enhancing supporting infrastructure through sustainable charging practices and transport-energy alignment.
7. Prioritise strategic investment in infrastructure to accommodate freight ZEVs, including targeted road upgrades in high-use freight corridors and critical assets such as bridges and tunnels (e.g., the West Gate Bridge) to ensure accessibility for electric and alternative-fuel trucks. Adopt an integrated BEV/HEV approach to optimise flexibility, reduce peak electricity demand, and improve refuelling efficiency.
8. Address the substantial cost differential of ZEV trucks by implementing a combination of targeted financial incentives and supportive policy reforms to stimulate private sector investment in low-emission fleet transitions.
9. Develop refined road user pricing models that promote equity, encourage ZEV adoption, and support a broader modal shift toward sustainable freight transport.
10. Establish a National Freight Corridors Fund.
11. Develop a National Freight-Industrial Land Strategy that integrates freight corridor protection with energy strategy alignment to support ZEV deployment and strengthen supply chain resilience.
12. Streamline approvals for large-scale infrastructure projects.
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14. Develop a National Freight-Industrial Land Strategy that integrates freight corridor protection with energy strategy alignment to support ZEV deployment and strengthen supply chain resilience.
15. Streamline approvals for large-scale infrastructure projects.
16. Prioritise infrastructure resilience through a Climate Adaptation Fund.
17. Increase funding for the "Wayfinder: Supply Chain Careers for Women" program to enhance workforce diversity and address critical labour shortages across the logistics sector.
18. Invest in a national education and awareness campaign to promote logistics and supply chain careers, highlighting their essential role in Australia's economy and future growth.
19. Support Urban Intermodal Freight Precincts to streamline deliveries and reduce congestion.
20. Prioritise dedicated freight lanes in metropolitan regions.
21. A taskforce with industry representation to drive harmonisation of regulatory frameworks across federal, state, and local governments.
22. Review LGA regulations and invest in upskilling state and local decision-makers.
23. Investment to allow national recognition and adoption of the NAAS.

Introduction

The Australian Logistics Council (ALC) welcomes the opportunity to make a pre-budget submission relating to the 2025-26 Budget.

ALC is the peak national body representing major companies participating in the end-to-end freight supply chain and logistics industry with a focus on delivering enhanced supply chain safety, efficiency, and sustainability.

The Australian economy is facing mounting pressures, driven by rising inflation, global uncertainty, and growing fiscal deficits. The Federal Government's budget outlook reflects this economic strain, with projected deficit reaching \$26.9 billion in 2024 and a headline cash balance (incorporating 'off-budget' spending) expected to record a \$47.8bn deficit this financial year¹ and increasing further in subsequent years². Structural weaknesses in the national tax base, combined with increasing expenditures, mean fiscal tightening is inevitable.

In this environment, Australia's supply chain and logistics sector is a cornerstone of national productivity and must play a central role in driving economic recovery. Strategic investment in supply chain resilience, infrastructure, and decarbonisation offers a pathway to sustained productivity growth, cost reduction, and enhanced national competitiveness. At a time when every dollar must deliver measurable economic value, the benefits of strengthening supply chain efficiency are clear and far-reaching.

The ALC advocates for targeted investments that boost economic productivity, improve domestic supply chains' efficiency, and ensure long-term national resilience. By optimising the movement of goods, addressing skill shortages, and equipping our workforce with future-ready capabilities, alongside supporting the transition to sustainable, low-emission freight technologies, Australia can mitigate inflationary pressures and unlock long-term economic benefits.

Where financial support is recommended, it is both targeted and justified, delivering tangible outcomes such as job creation, operational cost savings, emissions reduction, and enhanced economic resilience.

Overview and Economic Impact of Australia's Supply Chain and Logistics Sector

Australia's expansive geography and urbanisation patterns necessitate robust supply chain frameworks. The global pandemic highlighted that supply chain and freight logistics are essential services, particularly for an island nation like Australia, which relies heavily on imports for a significant share of its consumables. In 2023, Australia's food imports amounted to approximately USD 13.9billion³. The logistics sector moves over 4 billion tonnes of freight annually, equivalent to approximately 163 tonnes per capita⁴. The economic contribution of the sector is valued at approximately A\$ 57 billion, which represents 9% of the national GDP.⁵ With an anticipated annual population growth rate of 1.4%, infrastructure that supports efficient freight

¹ <https://budget.gov.au/content/myefo/download/myefo2024-25.pdf>

² [Federal Budget 2024-25: Discipline discarded as business left searching for reform and restraint | EY - Australia](#)

³ <https://www.fas.usda.gov/data/australia-retail-foods-annual>

⁴ [Delivering-on-Freight.pdf; National Freight and Supply Chain Strategy](#)

⁵ [Outsourcing: a strategic risk | Semantic Scholar](#)

movement is critical⁶. Failure to address these challenges risks amplifying inflationary pressures, bottlenecks, and global trade inefficiencies.

The World Bank's Logistics Performance Index (2023)⁷ highlights a strong correlation between advanced logistics systems and higher GDP per capita. Similarly, research from the McKinsey Global Institute⁸ demonstrates a direct link between supply chain productivity and economic growth. High-growth economies have historically outperformed others in industrialisation by developing complex supply chains, producing advanced products, and integrating into global value chains. Conversely, supply chain inefficiencies cost Australian businesses billions, drive up cost-of-living pressures, and undermine national competitiveness.

The reconfiguration of global supply chains will significantly influence future productivity growth for all nations. To remain competitive and unlock GDP gains from trade effects, Australia must prioritise the development of a modern, efficient, and competitive supply chain sector, ensuring it stays in the race on the global stage. The ALC recommends funding is allocated to define the current and future economic significance of the supply chain and logistics sector.

Initiatives can be advanced in the following areas:

1. Fuel Security
2. Decarbonisation in the Transport Sector
3. Infrastructure Investments, Industrial Land Protection and Resilience
4. Workforce Development
5. Embedding Freight into the National Urban Policy
6. Cross-Jurisdictional Policy Harmonisation and Investment Coherence

Fuel Security

Impact of Geopolitical Factors

Australia's fuel security and oil import dynamics have been significantly shaped by recent geopolitical disruptions, particularly the war in Ukraine. This conflict has had a profound effect on global energy markets, leading to severe disruptions in oil supply chains and heightened price volatility.

Australia's energy consumption is almost 40% oil⁹ with over 90%¹⁰ 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 the nation currently faces. This situation highlights the critical need to diversify energy sources and strengthen domestic production capabilities to reduce dependency on international supply chains—a vulnerability underscored during periods of global instability.

Australia's ability to meet commitments under the International Energy Agency (IEA), such as maintaining strategic oil reserves¹¹, has been further compromised by its increasing dependency on imported fuels, and recent challenges in stockpiling capacities.

⁶ [Population Projections, Australia, 2022 \(base\) - 2071 | Australian Bureau of Statistics](#)

⁷ [2023 | Logistics Performance Index \(LPI\)](#)

⁸ <https://www.mckinsey.com/mgi/our-research/investing-in-productivity-growth>

⁹ Department of Climate Change, Energy, the Environment and Water (2022), Australian Energy Statistics, Table C <https://www.energy.gov.au/data/energy-consumption>

¹⁰ 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>

¹¹ <https://www.nortonrosefulbright.com/en/knowledge/publications/beacc265/understanding-australias-minimum-stockholding-obligation>

The Role of Freight in Fuel Security

Logistics is a key sector of the Australian economy and its role in sustaining our economic activity cannot be understated. In times of energy supply disruptions, prioritising freight transport is essential. The freight sector plays a central role in Australia's economy, ensuring the timely movement of goods over vast distances. Unlike personal transportation, the continued operation of freight directly impacts national productivity, supply chain resilience, and the availability of essential goods. Establishing a clear hierarchy of fuel use, where freight is prioritised over non-essential uses, is crucial for ensuring economic continuity and safeguarding public welfare. This requires proactive planning to avoid disruptions to the flow of goods during fuel shortages, especially given Australia's geographical challenges and the limited timeframe in which supply chain disruptions could escalate into full-scale crises. Without prioritisation, the nation risks exacerbating the existing fuel insecurity, impacting the economy on a fundamental level.

Sovereign Production Capability and Stockholding

Australia's fuel security is a multifaceted challenge shaped by diminishing refining capacity, inadequate strategic stockpiling, and gaps in policy frameworks. The nation's refining capacity is now limited to just two operational facilities—Lytton and Geelong—which are predominantly configured for petrol production¹². This creates a significant mismatch with Australia's future fuel needs, especially for diesel and aviation fuel, which are critical to the logistics, transport, and aviation sectors.

Strategic fuel stockpiling is another critical area of vulnerability. Australia's current minimum reserves equates to approximately a month's worth of supply for jet fuel and diesel, far below the IEA minimum recommendation of 90 days of combined net imports¹³. This shortfall leaves the logistics network and broader economy exposed to external shocks, such as supply chain disruptions, geopolitical instability, and natural disasters. The government's recent efforts, including increased baseline stock levels and the \$302 million Fuel Security Package, represent progress but fall short of addressing the scale of the challenge¹⁴. Compounding the issue are policy deficiencies in the Liquid Fuels Emergency Act¹⁵, which lacks adequate mechanisms to scale up stockpile levels or ensure effective prioritisation of fuel distribution during emergencies.

Addressing these challenges requires a comprehensive, forward-looking national strategy. This should include measures to expand domestic refining capacity, reconfigure existing facilities to meet evolving fuel demands, and build resilience through significantly enhanced strategic fuel stockpiles. Policy settings must also encourage private sector investment in refining and fuel infrastructure. To achieve this, the government should implement targeted incentives, including grants, subsidies, and streamlined regulatory and environmental approval processes. These measures would reduce economic barriers for investors and strengthen Australia's sovereign fuel production capability. Simultaneously, a robust legal and regulatory framework must be established to ensure coordinated and efficient fuel distribution during crises, reinforcing supply chain resilience. A holistic approach that integrates these elements is essential to safeguard Australia's logistics sector and ensure the continued flow of goods and services in an increasingly uncertain global environment.

Recommendations

- 1. Meet the IEA minimum fuel requirements.**
- 2. Develop policies that prioritise fuel allocation for freight operations during energy disruptions to safeguard supply chain continuity and economic stability.**

¹² https://australiainstitute.org.au/wp-content/uploads/2022/04/P1036-Over-a-barrel_liquid-fuel-security-WEB.pdf

¹³ [Oil Stocks of IEA Countries – Data Tools - IEA 23.01.2025](https://www.iea.org/data/tools/oil-stocks)

¹⁴ <https://www.dccew.gov.au/energy/security/australias-fuel-security>

¹⁵ <https://www.iea.org/articles/australia-s-legislation-on-oil-security>

3. Establish policy mechanisms that incentivise private sector investment in domestic refining capacity, enhancing Australia's energy resilience and fuel security.
4. Strengthen the *Liquid Fuels Emergency Act* to enhance contingency planning, response frameworks, and industry coordination during energy crises.
5. Foster collaboration between government and industry to develop consistent standards and regulatory certainty, supporting long-term fuel security and investment in sustainable energy solutions.

Decarbonisation in the Transport Sector

Australia's dependence on imported fuels and its failure to meet the International Energy Agency (IEA) minimum stockholding requirements highlight broader energy security risks. While fuel security policies have predominantly focused on supply, the demand side remains under-addressed. Reducing reliance on oil by diversifying Australia's transport energy mix presents an opportunity to improve both energy security and fuel efficiency.

The transport sector contributes 19% of Australia's total greenhouse gas emissions¹⁶, with freight accounting for a significant share. Given that freight transport underpins all sectors of the economy, decarbonising the freight industry is essential to achieving Australia's national emissions reduction targets.

Alternative Fuels

The rapid advancement of alternative fuels, including renewable diesel, biofuels, and synthetic fuels, has outpaced regulatory frameworks. Australia's Fuel Quality Standards Act 2000 provides a foundation for biofuel fuel regulation, such as ethanol-blended petrol (E10) and biodiesel, but gaps in national consistency and infrastructure investment limit widespread adoption.

- While Queensland and New South Wales have mandated biofuel blends, uptake in other jurisdictions is limited.
- Renewable and synthetic fuels, although not explicitly restricted, face practical barriers due to inadequate infrastructure, safety regulations, and lack of technical compatibility with existing fuel systems.
- A harmonised national approach is required to align with international standards, ensuring policy certainty for investors, fuel suppliers, and freight operators.

A holistic **low-carbon liquid fuel (LCLF) strategy** is necessary to avoid policy bias toward aviation fuels at the expense of road transport. The government must support renewable diesel adoption alongside sustainable aviation fuel (SAF) through targeted incentives and infrastructure development.

The Case for a Modal Shift

Shifting freight to lower-emission modes is important to achieving net-zero targets. Rail freight produces 16 times less carbon emissions per tonne kilometre¹⁷, making it ideal for long-haul and bulk freight. As demand increases, it becomes more important to get more freight on rail, just a one per cent shift of freight from road to rail in Australia would reduce accident, emissions, and health costs by \$71.9 million per year¹⁸. Shifting freight to rail also alleviates road congestion, especially in urban areas, improving traffic flow for passenger vehicles and reducing associated delays and emissions.

¹⁶ [Australia's emissions projections 2023, Department of Climate Change, Energy, the Environment and Water](#)

¹⁷ https://www.rissb.com.au/wp-content/uploads/2022/09/CRP1291_RISSB_Rail-Carbon-Footprint-study_Professional-Report_V02_2022-09-27.pdf

¹⁸ <https://ara.net.au/about-rail/environmental-benefits/>

However, adoption is hindered by:

- High infrastructure costs and underinvestment in intermodal terminals
- Slower or unreliable freight delivery speeds due to missing or inadequate infrastructure
- Diesel reliance on non-electrified rail networks
- Regulatory inconsistencies that limit network efficiency and reduce rail's competitiveness.

Electric Vehicles

Government projections indicate that emissions from articulated and rigid trucks will increase in the next decade, producing 22 MT CO₂-e by 2030. This is a 6 MT CO₂-e increase from 2005 levels¹⁹. In addition to this, the average age of trucks in Australia is between 10-15 years²⁰ which results in higher emissions produced by the sector, as older vehicles tend to be more inefficient, consuming more fuel and contributing more damage to the environment. There is an immediate need to accelerate the uptake of electric trucks in Australia, especially in urban use cases.

Safety advancements in heavy electric trucks further support their adoption. Equipped with live battery monitoring systems, these vehicles can detect temperature increases and alert drivers to potential overheating risks. This technology enables drivers to take immediate precautions, such as avoiding tunnels, when necessary, to mitigate fire hazards. These advancements challenge outdated perceptions about the risks of EVs in tunnels, demonstrating that heavy EVs are at least as safe, if not safer, than traditional diesel vehicles.

The trucking industry is faced with a specific set of challenges when considering electrification. Operational feasibility, energy usage and capacity, land assets and parking facilities, duty cycles, driver awareness and behaviour, and upfront purchase costs must all be considered when planning the transition to an electric fleet.

Heavy vehicle fleets require dedicated high-powered charging solutions (~1.5MW per station), large network connections, and sufficient manoeuvring space—yet Australia has few EV fast-charging stations designed for freight²¹. Slow installation, regulatory delays, and fragmented state policies further impede progress.

A critical element in overcoming these challenges is recognising the interdependence between transport and energy infrastructure. Without strong guidelines and the adoption of technology-enabled sustainable charging practices, Australia's electricity production and dispatching capacities would need to double to meet the current EV targets set by the Government. Strategic investment in both transport and energy infrastructure is essential to mitigate this risk, ensuring charging solutions are efficient, equitable, and resilient. This includes building high-powered charging equipment (~1.5 MW), substations, and adequate grid connections, supported by policies to optimise energy usage and reduce peak demand pressures.

Road and Bridge Upgrades for Heavy ZEVs

The adoption of electric and hydrogen-powered heavy vehicles introduces higher gross weights due to battery systems and hydrogen storage. However, their environmental and operational benefits outweigh these challenges. Electric trucks produce less vibration and stress on road surfaces²², reducing long-term

¹⁹ https://www.dcceew.gov.au/sites/default/files/documents/australias_emissions_projections_2021_0.pdf

²⁰ https://electricvehiclecouncil.com.au/wp-content/uploads/2022/01/ATA-EVC-Electric-trucks_Keeping-shelves-stocked-in-a-net-zero-world-2.pdf

²¹ <https://managevehicle.com/australias-ev-transition-key-wins-and-challenges-ahead-of-2025>

²² <https://arena.gov.au/assets/2024/11/ARENA-Insights-November-2024-presentations.pdf>

wear and maintenance costs. Their smoother propulsion systems enhance efficiency, resulting in lower infrastructure upkeep expenses for both road networks and fleet operators²³.

Despite these advantages, Australia's transport infrastructure is not designed to support the increased weight of ZEVs. Key freight routes, such as the West Gate Bridge in Victoria, impose weight restrictions that limit operational flexibility and hinder the deployment of low-emission heavy vehicles.

To facilitate the transition to zero-emission freight transport, targeted infrastructure investment is essential. This includes:

- Reinforcing bridges and tunnels to accommodate the additional mass of ZEVs.
- Upgrading road networks and freight corridors to ensure accessibility for electric and hydrogen-powered heavy vehicles.
- Redesigning road layouts, including roundabouts and access points, to support larger vehicle configurations.

Modernising Road Pricing Models

Policy adjustments must also play a critical role in encouraging the adoption of heavy ZEVs for freight operations. Existing heavy vehicle charging mechanisms, which are largely based on fuel excise and registration fees, are outdated and ineffective for incentivising ZEV uptake. As ZEVs consume little or no diesel, a comprehensive reform of road pricing models is necessary to ensure that operators are not disproportionately burdened. A modernised road pricing model should focus on usage rather than fuel consumption. Key features could include:

- **Time-Variable Pricing:** Implementing peak and off-peak pricing structures to reduce congestion and encourage more efficient use of the road network.
- **Exemptions or Incentives:** Offering temporary exemptions or reduced charges for heavy ZEVs during the transition period to offset their higher upfront costs and drive adoption.
- **Revenue Hypothecation:** Ensuring that all revenue collected is reinvested into infrastructure upgrades and maintenance, creating a sustainable funding model for transport infrastructure development.
- **Distance-Based Charging:** Developed in close consultation with industry. Charging per kilometre travelled, with rates adjusted for vehicle type and axle load, while providing discounts for ZEVs to reflect their reduced environmental and road impact.

Such reforms would not only facilitate the adoption of heavy EVs but also promote fairness and efficiency across the freight sector, aligning road pricing with Australia's decarbonisation goals.

Recommendations

1. **Reform policy frameworks to accelerate the adoption of Zero Emission Vehicles (ZEVs) in freight and logistics, with a focus on implementing equitable road pricing mechanisms and enhancing supporting infrastructure through sustainable charging practices and transport-energy alignment.**
2. **Prioritise strategic investment in infrastructure to accommodate freight ZEVs, including targeted road upgrades in high-use freight corridors and critical assets such as bridges and tunnels (e.g., the West Gate Bridge) to ensure accessibility for electric and alternative-fuel trucks. Adopt an integrated BEV/HEV approach to optimise flexibility, reduce peak electricity demand, and improve refuelling efficiency.**
3. **Address the substantial cost differential of ZEV trucks by implementing a combination of targeted financial incentives and supportive policy reforms to stimulate private sector investment in low-emission fleet transitions.**

²³ [Vibration influence of different types of heavy-duty trucks on road surface damage](#)

4. **Develop refined road user pricing models that promote equity, encourage ZEV adoption, and support a broader modal shift toward sustainable freight transport.**

Infrastructure Investments, Industrial Land Protection and Resilience

Policy Certainty and Streamlined Approvals in Strategic Infrastructure Development

Integrated government support streamlined regulatory processes, and clear, consistent regulatory settings are critical to unlocking private investment in major strategic infrastructure. Large-scale infrastructure projects are complex and span extended timeframes, requiring sustained commitment and policy certainty regardless of changes in government. Efficient approvals are essential to mitigate risk and attract capital. Strategic recognition of nationally significant infrastructure within government planning and policy frameworks would bolster investor confidence and demonstrate long-term support for infrastructure delivery.

National Freight Corridors Fund

A National Freight Corridors Fund is critical to drive coordinated upgrades of first- and last-mile connections and regional logistics hubs. Efficient freight movement hinges on seamless connectivity between production centres, ports, and markets. However, infrastructure gaps in regional and peri-urban areas severely hinder freight efficiency, causing costly delays to time-sensitive supply chains. Strategic investment in corridor improvements could reduce delays by up to 20% for critical supply chains²⁴. This fund should prioritise integrated road, rail, and port infrastructure projects, with a focus on growth regions such as Western Sydney, South-East Queensland, Melbourne's outer suburbs and the East-West rail corridor.

The Western Sydney Freight Line should be highlighted as a priority project within this framework. Identified by Transport for NSW and Infrastructure Australia as a critical dedicated freight corridor, it aims to connect Port Botany with the future Mamre Road Intermodal Terminal via dedicated freight rail. Despite partial land protection, challenges remain due to private land ownership. Addressing these barriers is essential to realising the full benefits of this strategic freight corridor and enhancing overall network resilience.

Additional funding for rail resilience would directly complement these efforts, mitigating disruptions from extreme weather, enhancing multimodal connectivity, and driving long-term productivity gains.

Budget Paper No. 1 (2024-25)²⁵, p.219 reveals a persistent imbalance, with rail infrastructure funding equating to just 30-40% of road allocations, excluding equity investments in Inland Rail. Addressing this disparity through a more equitable funding strategy is essential to building a resilient, sustainable, and future-ready national freight network that supports economic growth, reduces environmental impacts, and secures supply chain continuity.

National Freight-Industrial Land Strategy

The Australian Logistics Council strongly advocates for embedding a National Freight-Industrial Land Strategy within the overarching National Freight and Supply Chain Strategy and its associated planning principles²⁶, including:

- **Economic Productivity and Growth:** Protecting and optimising industrial land enhances the efficiency of freight networks, lowers operating costs, and supports broader economic outcomes.

²⁴ [Austroads Strategic Plan 2023-27](#)

²⁵ [Budget Paper No. 1](#)

²⁶ <https://www.freightaustralia.gov.au/sites/default/files/documents/urban-freight-planning-principles.pdf>

- **Infrastructure Investment and Planning:** Coordinating freight and industrial land use with transport infrastructure ensures the efficient movement of goods and people.
- **Sustainability and Resilience:** Securing industrial land within urban corridors reduces transport distances, emissions, and congestion, contributing to decarbonisation goals.
- **Safety and Community Amenity:** Proper zoning and corridor protection minimise urban freight conflicts, improving safety outcomes and reducing the impact on local communities.
- **Regulatory Coordination and Reform:** Aligning zoning reforms with competition policies fosters a streamlined regulatory environment.

A National Freight-Industrial Land Strategy would address the growing pressures on industrial land in urban and peri-urban areas, driven by strong demand from the logistics, e-commerce, and data centre sectors. Industrial land values have risen steadily. Recent data indicates that industrial land in Sydney now costs between \$1,500 and \$2,000 per square metre²⁷. Additionally, only 4% (approximately 585 hectares) of the total industrial-zoned land in the Sydney Metropolitan Region remains undeveloped and serviced. This scarcity has contributed to industrial vacancy rates plummeting to a record low of 0.2% in 2023, making Sydney one of the most constrained industrial markets globally²⁸.

Without a coordinated, national approach, continued land scarcity will undermine freight productivity, elevate costs, and exacerbate congestion. A National Freight-Industrial Land Strategy should provide incentives for State and Territory Governments to preserve designated logistics zones; prioritise freight infrastructure development within urban growth corridors; coordinate protection for strategic freight corridors and ensure adequate land availability for future logistics needs; and promote strategic investment in freight infrastructure alongside effective zoning regulations to maximise supply chain efficiency and economic returns.

To that end, it is noted that on 29 November 2024, Commonwealth, state, and territory treasurers signed a landmark agreement to revitalise National Competition Policy to drive growth and put downward pressure on prices. The Government has committed \$900 million over the period to 2035–36 for payments to states and territories to implement pro-competitive reforms. This includes commercial land use and planning reforms.²⁹ Any competition payments should only be made to jurisdictions if they adopt and implement an appropriate National Freight – Industrial Land strategy.

Resilience and Climate Adaptation Fund

Climate change and extreme weather events highlight the urgent need for infrastructure upgrades to mitigate risks and maintain operational continuity. For instance, flooding during 2022-23 severely disrupted major freight corridors, leading to an estimated \$5 billion from lost economic activity³⁰. National emergency events underscore the critical role of supply chains and logistics as an essential service, ensuring the delivery of food, medical supplies, and other vital goods. To address these challenges, the ALC recommends dedicated investment allocation towards Freight Resilience and Climate Adaptation to "climate-proof" critical freight corridors and facilities. These investments would enable essential infrastructure upgrades, including repairing collapsed roads and railways, as well as piloting innovative projects to test climate-resilient freight operations, particularly in urban areas. Enhanced asset management planning and consistent maintenance are also critical to fortifying the supply chain against mounting pressures from environmental disasters.

²⁷ <https://www.nsw.gov.au/housing-and-construction/land-values-nsw/news/sydney-city-land-values>

²⁸ <https://www.cbre.com.au/insights/reports/sydney-industrial-and-logistics-land-supply-2023>

²⁹ [Mid-Year Economic and Fiscal Outlook 2024-25: 12](#)

³⁰ [Chapter 2 - The 2022 major floods – Parliament of Australia](#)

Rail Infrastructure Resilience

The 2024-25 Federal Budget committed \$540 million to bolster the resilience of Australia's rail freight infrastructure, addressing vulnerabilities to flooding and severe weather along critical east-west and north-south freight corridors. This investment funded essential enhancements, including upgrades to crossing loops, culverts, track rehabilitation, re-railing, signalling systems, and sleeper replacements.

While this funding marked a significant step forward, sustained, and targeted grant funding is imperative to fortify the rail freight sector's resilience, reliability, and competitiveness. The increasing frequency of extreme weather events continues to threaten supply chain efficiency and national economic productivity. We urge the Australian Government to collaborate with rail freight operators to evaluate future funding needs. Prioritising additional investment in the 2025-26 Budget will safeguard rail infrastructure from climate impacts, expand capacity to meet growing freight demands, and advance decarbonisation, modal shift, and congestion reduction goals.

Recommendations

- 1. Establish a National Freight Corridors Fund.**
- 2. Develop a National Freight-Industrial Land Strategy that integrates freight corridor protection with energy strategy alignment to support ZEV deployment and strengthen supply chain resilience.**
- 3. Streamline approvals for large-scale infrastructure projects.**
- 4. Prioritise infrastructure resilience through a Climate Adaptation Fund.**

Workforce Development

The freight and logistics sector contributes a significant 8.6% to Australia's GDP³¹ but faces critical workforce shortages³². In 2024, the Australian Government introduced the Core Skills Occupation List (CSOL), aimed at attracting skilled migrants to bolster the economy³³. However, there exists a limited representation of critical freight occupations that is deeply concerning, particularly given the sector's rapid growth and the projected skilled workforce gap of 22,000 employees by 2026. It highlights the continued oversight of the sector in government planning and investment redistribution, despite its essential and vital contribution to Australia's economy.

Wayfinder: Supply Chain Careers for Women

The ALC seeks long-term funding to expand the "Wayfinder: Supply Chain Careers for Women" (Wayfinder) program, which aims to address the gender imbalance in the sector and combat chronic workforce shortages. Research confirms that improving workforce diversity increases productivity and innovation, with studies showing diverse organisations perform up to 35% better than their peers³⁴. While the Wayfinder program has already demonstrated success in supporting women's entry into logistics careers, additional funding is necessary to scale its impact across the country and update its current Career Map. The program could be expanded to incorporate initiatives targeting other underrepresented groups, such as Indigenous Australians and culturally diverse communities. Key activities could include:

- Outreach programmes in schools, universities, and TAFEs, focusing on technology-driven logistics careers.
- Creation of scholarships and internships tied to major freight projects like intermodal precincts, ensuring hands-on experience for new entrants to the sector.

³¹ [Freight and supply chains | Department of Infrastructure, Transport, Regional Development, Communications, and the Arts](#)

³² <https://www.infrastructure.gov.au/infrastructure-transport-vehicles/transport-strategy-policy/freight-supply-chains>

³³ [The Core Skills Occupation List](#)

³⁴ [Diversity Wins, How Inclusion Matters, McKinsey & Co](#)

Truck driving exemplifies the gender disparity that persists in Australia's logistics industry. According to Jobs and Skills Australia, women account for only around 5% of the heavy vehicle driver workforce³⁵. Despite truck drivers being recognised as skilled workers in 2024, significant barriers continue to deter female participation in the profession. Research from the National Transport Commission and industry reports highlights that a lack of secure, well-equipped truck stops—particularly in regional areas—contributes to the role's limited appeal, not only to women, but men alike. There is an outdated perception of truck driving as a male-dominated profession. Addressing these challenges through expanded programs like Wayfinder is essential for fostering an inclusive workforce, enhancing recruitment, and securing the future resilience and productivity of Australia's supply chains.

National Education and Awareness Campaign

To attract younger talent, the ALC proposes a national education campaign showcasing careers in logistics as an essential service. This campaign would highlight emerging roles in automation, sustainable logistics, and advanced analytics within modern, clean facilities, countering outdated perceptions of the sector as low-skilled and old-fashioned. The campaign could reach millions of Australians through a multimedia approach, including targeted digital platforms and school engagement programmes. Evidence suggests that increased awareness campaigns lead to a 20% rise in applications to understaffed sectors³⁶.

Credentialed Short Courses for Supply Chain, Freight Logistics, Freight Transport Awareness

The Australian Logistics Council has identified a critical shortfall in urban planning education: there is currently no dedicated logistics and freight component in undergraduate or post graduate tertiary degrees. This omission poses significant risks to the efficiency and sustainability of Australia's supply chains. Without specialised supply chain and logistics training and understanding, urban planners risk designing infrastructure and land-use frameworks that create bottlenecks, increase congestion, and restrict the movement of goods. As Australia's population grows, cities expand, and freight volumes soar—driven by booming e-commerce and rising consumer demand—the absence of freight-specific planning expertise will exacerbate supply chain inefficiencies and hinder economic growth. Freight requires well-defined corridors and optimised delivery networks to meet increasing demand, yet the current planning landscape lacks the tools to accommodate these needs. To address this systemic gap, the ALC calls for immediate action through a collaborative initiative with the Australian Department of Infrastructure, Transport, Regional Development, Communications, and the Arts (DITRDCA) to create a logistics micro-credential, equipping urban planners with the specialised knowledge necessary to integrate freight and supply chain dynamics into sustainable, future-ready urban design. A similar general credential is needed to support public sector decision makers as they plan cities and work to develop the economy.

Such an initiative would require funding to reduce cost barriers for participants and encourage broad adoption. Financial assistance should be directed to individuals rather than institutions, as education providers are unlikely to offer logistics-related short courses without sufficient student demand. Providing funding directly to students will incentivise enrolment, enabling universities to incorporate logistics content into existing urban planning and transport courses while also offering the micro-credential as a stand-alone qualification for practising professionals.

- **Upskilling Stakeholders:** These credentials would equip planners and policymakers with insights into freight complexities, promoting policies that balance urban outcomes with supply chain needs.
- **Encouraging Collaboration:** The program would facilitate stronger government-industry engagement to support sustainable and efficient urban freight systems.

³⁵ <https://www.jobsandskills.gov.au/data/occupation-and-industry-profiles/occupations/7331-truck-drivers>

³⁶ [Australian Jobs 2023, Department of Employment and Workplace Relations](#)

Recommendations

1. **Increase funding for the “Wayfinder: Supply Chain Careers for Women” program to enhance workforce diversity and address critical labour shortages across the logistics sector.**
2. **Invest in a national education and awareness campaign to promote logistics and supply chain careers, highlighting their essential role in Australia’s economy and future growth.**

Embedding Freight into the National Urban Policy

Freight and logistics underpin the movement of goods and materials that support industries, communities, and consumers across vast distances. Despite this foundational role, the National Urban Policy currently overlooks the issue of the movement of freight as an element of ensuring the enhanced liveability and sustainability of Australia’s urban spaces. ALC therefore urges the government to elevate freight logistics within the policy framework by

- **Funding Urban Intermodal Freight Precincts:** These precincts can streamline urban deliveries, reducing vehicle movements and mitigating congestion in dense metropolitan areas.
- **Dedicated Freight Lanes in Metropolitan Regions:** Prioritising freight traffic enhances delivery efficiency and reduces delays.
- **Incentivising Low-Emission Freight Vehicles:** Encouraging the adoption of environmentally friendly freight technologies aligns with sustainability goals while improving air quality in urban areas.

Freight logistics’ integration into urban policy must be underpinned by a thorough understanding of the sector’s economic and societal value. Industry-led research is essential to quantify freight’s contributions to GDP, Gross State Product (GSP), and job creation—both now and in the future. These insights will empower policymakers to make informed decisions, ensuring freight logistics continues to drive economic growth while addressing urban challenges.

Evidence from European nations, including Germany and Austria, highlights the transformative potential of proactive freight planning. Peer-reviewed studies demonstrate that urban freight emissions can be reduced by up to 40% through initiatives such as off-hour deliveries and customised deliveries and servicing plans. These measures not only enhance delivery efficiency but also strike a critical balance between economic growth, environmental sustainability, and urban liveability.

The National Urban Policy must undergo revision to incorporate freight logistics effectively. This includes identifying areas of high freight demand, prioritising infrastructure projects, and evaluating their suitability for achieving an optimised freight system. An integrated approach would ensure that infrastructure investments support interoperability and connectivity across all transport modes, offering freight operators greater flexibility and cost-effectiveness.

Recommendations

1. **Support Urban Intermodal Freight Precincts to streamline deliveries and reduce congestion.**
2. **Prioritise dedicated freight lanes in metropolitan regions.**

Cross-Jurisdictional Policy Harmonisation and Investment Coherence

Building a resilient and efficient supply chain requires a systems-thinking approach that acknowledges the interconnections between transport, logistics, technology, workforce capability, and environmental goals. Achieving this vision depends on cross-jurisdictional alignment. Harmonising regulatory frameworks across federal, state, and local governments will reduce inconsistencies, minimise business friction, and enable seamless freight movement. Standardising heavy vehicle access regulations, fatigue management rules, and

road user charges would improve operational efficiency, while aligning environmental standards for emissions and alternative fuels would support decarbonisation targets and encourage industry investment.

An essential component of this alignment is upskilling local government decision-makers and ensuring the financial viability of local government authorities. Under-resourced or inadequately skilled workers may struggle to make informed decisions regarding road access planning and truck curfew regulations. To support better decision-making and ensure consistency, state governments should consider conducting a comprehensive review of existing regulations across local government areas (LGAs). This review could identify potential conflicts between rules in neighbouring jurisdictions, helping to foster harmonisation, and facilitating improved information sharing. Such measures would enhance workforce capabilities at the local level and streamline policies, ensuring a more efficient and consistent approach to infrastructure planning and regulation.

An example of the current regulatory fragmentation is found in the management of rolling stock standards. These standards are set at a national level by the Rail Industry Safety and Standards Board (RISSB); however, each rail infrastructure manager (RIM) interprets them differently and is not required to adopt them. While this model accommodates the unique operating environments of various rail networks, it also leads to inconsistent standards across jurisdictions. Implementing standardised rolling stock requirements and consistent approval processes across all RIMs would streamline operations for rail operators, reduce regulatory complexity, and promote greater investment in modern, interoperable rolling stock.

Industry engagement in regulatory reform is critical to ensure practical outcomes. Supply chain businesses are uniquely positioned to identify operational challenges and highlight where regulatory changes are necessary for meaningful, impactful reform. For example, current disparities between federal funding initiatives for zero-emission heavy vehicles and restrictive state-based road access regulations prevent electric freight vehicles from operating on key transport routes. This misalignment undermines the effectiveness of government grants and discourages industry investment.

A national taskforce with strong industry representation will help identify priority areas for regulatory consistency and infrastructure investment, removing barriers, cutting red tape, and enhancing productivity across the supply chain.

National Automated Access System (NAAS)

The National Automated Access System (NAAS) represents a significant step forward in modernising heavy vehicle access management for Australia's freight sector. Efficient and consistent access to infrastructure is crucial to reduce delays, increase productivity, and support the movement of goods across Australia's vast and complex supply chain network. Currently, fragmented access systems lead to inconsistent decision-making and increased administrative burdens, impacting both industry and road managers. NAAS automates these processes, enabling real-time access decisions that enhance operational efficiency and reduce compliance costs. Harmonising engineering standards through NAAS will promote uniformity in road network assessments, improving safety and reducing infrastructure wear. Investing in this technology is not only a step towards national consistency but also a foundation for future innovations in digital infrastructure management. Without sustained funding and national adoption, the benefits of improved productivity, safety, and supply chain resilience risk being diminished. Therefore, investment in NAAS is vital to unlocking long-term economic growth and ensuring Australia's freight network remains competitive and sustainable.

Recommendations

- 1. A taskforce with industry representation to drive harmonisation of regulatory frameworks across federal, state, and local governments.**
- 2. Review LGA regulations and invest in upskilling state and local decision-makers.**
- 3. Investment to allow national recognition and adoption of the NAAS.**

Conclusion

The Australian Logistics Council's pre-budget submission for 2025-2026 represents a targeted and strategic approach to addressing Australia's most pressing freight and logistics challenges. These initiatives will enhance supply chain efficiency, resilience, and sustainability while creating long-term economic and social benefits. We urge the Government to recognise the freight sector's critical role in driving Australia's economic success and consider these proposals in the upcoming budget.