

ALC Position Paper Summary - National Productivity

A Submission to the Australian Treasury

25th July 2025

Elevating Supply Chain Logistics as a Sovereign Economic Capability

The Australian Logistics Council (ALC) is the peak national body representing the end-to-end supply chain companies across Australia, including freight and logistics providers, ports, freight owners, customers, infrastructure investors, and transport operators. ALC members enable the movement of goods that underpin every sector of the national economy, facilitating more than \$1.2 trillion¹ in domestic freight activity each year.

Despite its critical role, the freight and logistics sector is often perceived as a background enabler. In reality, it is foundational to national productivity, economic security, and resilience. In a continent-scale, trade-dependent economy, supply chains and logistics must be treated as sovereign infrastructure; essential to connecting producers with markets, maintaining just-in-time delivery systems, and supporting regional communities during periods of disruption.

However, Australia's freight system is constrained by fragmented planning, outdated regulatory frameworks, and structural vulnerabilities across workforce capacity and fuel supply. Without targeted and coordinated reform, these issues will continue to constrain productivity, exacerbate inflationary pressures, and increase the economy's exposure to future shocks.

The Case for Reform: Freight as a National Productivity Lever

ECONOMIC SIGNIFICANCE: Freight and logistics account for 8.6% of GDP² and employ over 1.2 million Australians in transport-related activities.

RISING DEMAND: Domestic freight volumes exceeded 778 billion tonne-kilometres in 2022–23, rising to road freight reaching ~249 billion and rail ~448 billion in 2023–24 and the total task expected to grow by 26% by 2050.

PRODUCTIVITY AND INFLATION CONTROL: According to the Productivity Commission's Advancing Prosperity inquiry, supply chain efficiency is identified as a critical determinant of Australia's productivity growth and a key element in controlling inflation through reducing unit labour and input costs. It highlighted supply chain efficiency as a key determinant of Australia's productivity growth and inflation control. As global competition intensifies and input costs rise, freight efficiency becomes a critical lever for cost containment across the economy⁵.

SYSTEMIC RISK EXPOSURE: Floods, bushfires, cyclones, and other extreme weather events are forecast to continue to increase in frequency and severity. The 2022 Eastern Australian floods alone resulted in damages exceeding US\$6.6 billion in damages⁶, including substantial freight and supply chain disruptions. This highlights the high cost of reactive crisis management and the consequences of underinvestment in resilience infrastructure.

¹ <https://www.oxfordeconomics.com/resource/the-value-of-goods-through-australias-industrial-assets>

² <https://www.barclayrecruitment.com.au/exploring-freight-and-logistics-industries-in-australia>

³ <https://www.bitre.gov.au/sites/default/files/documents/BITRE-Statistical-Release-ABS-ATEA-2020-21.pdf>

⁴ <https://www.bitre.gov.au/publications/2023/australian-infrastructure-and-transport-statistics-yearbook-2023/freight>

⁵ https://www.aph.gov.au/Parliamentary_Business/Committees/House/Economics/Economicdynamism/Report/Chapter_2_-_Economic_dynamism_competition_and_productivity

⁶ <https://beinsure.com/news/floods-loss-in-australia-estimate-6bn>

FUEL AND ENERGY SECURITY: Australia remains 90% dependent on imported fuels, with diesel reserves well below the International Energy Agency's 90-day benchmark⁷, exposing Australia to significant supply chain and freight logistics security risks.

Strategic Reform Priorities

1. Release and Implement the National Freight and Supply Chain Strategy (NFSCS)

- Finalise and publish the updated NDSCS with a five-year roadmap and performance framework.
- Embed freight within Treasury's capability and resilience frameworks post-Machinery of Government reforms.

2. Enable a 24-Hour Freight Economy

- Remove local-level planning and operational constraints that prevent efficient, off-peak freight movements.
- Support increased freight movements outside peak periods through a combination of planning, regulatory, and incentive-based approaches. This could include reviewing curfew and noise restrictions and exploring pricing reforms—such as adjusting heavy vehicle tolling structures during off-peak hours—to make more effective use of existing infrastructure.

3. Modernise Heavy Vehicle Licensing and Workforce Planning

- Transition to a competency-based heavy vehicle licensing system to address driver shortages.
- Embed supply chain logistics in VET and tertiary education aligning skills funding with industry demand and building essential (but rapidly declining) sovereign capability.

4. Shift Freight to More Efficient Modes

- Harmonise rail access pricing and shared freight rail priority pathing with passenger rail on shared networks.
- Unlock coastal shipping by modernising domestic shipping regulation and enabling infrastructure at ports.

5. Integrate Freight into Land Use Planning

- Mandate freight planning and the protection of freight corridors and industrial land in regional and urban areas.
- Establish a National Industrial Lands Protection Framework to safeguard key freight nodes from rezoning and displacement.

6. Reform Taxation and Charging Settings

- Introduce cost-reflective heavy vehicle road user charging, as recommended by the Productivity Commission.
- Reform Fringe Benefits Tax (FBT) and accelerate depreciation allowances for zero-emissions and automated freight assets.

7. Invest in Energy Resilience and Decarbonisation

- Develop national infrastructure standards for battery-electric recharging.
- Create a new renewable-diesel processing capability in Australia providing— as a 100% drop in solution for the conversation of diesel trucks to utilise renewable energy.
- Support early deployment of shore power systems and alternative maritime fuels at major ports.
- Expand onshore fuel storage near freight corridors.

8. Digitise the Supply Chain

- Expand the National Freight Data Hub as the central platform for performance monitoring and visibility.
- ALC urges the Commonwealth Government to lead a coordinated, whole-of-economy freight logistics and freight transport reform agenda in partnership with states, territories, and industry. Unlocking the full potential of Australia's supply chains through supply chain logistics is among the most effective and fiscally responsible investments we can make in national prosperity.

⁷ <https://www.abc.net.au/news/2025-01-07/australia-fuel-security-falling-short-foi-war-game-report/104745210>