

Interim Report: National Competition Policy Analysis 2025

A Submission to the Australian Productivity Commission

Friday, 5th September 2025

1. Introduction

The Australian Logistics Council (ALC) welcomes the opportunity to provide follow-up comments on *the National Competition Policy Analysis 2025 – Interim Report* and to respond to the Productivity Commission’s information requests. As the peak national body representing Australia’s largest end-to-end supply chain participants— across road, rail, maritime, and intermodal freight — ALC represents a sector that moves every product, underpins every industry, and directly contributes to national productivity, trade competitiveness, and employment.

While the Interim Report recognises that interstate inconsistency poses a barrier to competition, several critical freight issues remain under-examined:

- Freight-specific operational and digital standards are absent from the modelling.
- Heavy vehicle driver licensing is excluded from the occupational licensing reform analysis.
- Freight and logistics are omitted entirely from the *Building a Skilled and Adaptable Workforce* inquiry.
- Uniform standards supporting decarbonisation of fleet across modes.

These omissions risk limiting the Commission’s ability to deliver reforms that improve productivity, support decarbonisation, and ease cost-of-living pressures. This submission outlines ALC’s assessment of the Interim Report, identifying areas of alignment while recommending further measures to safeguard freight productivity, network efficiency, and supply chain resilience.

2. General Observations

The Interim Report reflects substantial consultation and analysis. ALC notes that several of its key recommendations align with our earlier submissions, particularly on regulatory harmonisation, improved land use planning, and transparent performance data. However, some remain high-level, with limited implementation detail. Without clear time limits, measurable targets, and effective cross-jurisdictional coordination, intended benefits for freight will not be realised.

ALC welcomes the Productivity Commission’s recognition of the costs of interstate inconsistency and the potential gains from harmonising standards and occupational licensing. However, the Report’s emphasis on consumer and product markets underplays freight-specific standards critical to efficiency and safety. Its licensing analysis focuses on high-risk trades such as electrical workers but omits equally high-impact transport occupations. Finally, freight’s absence from the *Building a Skilled and Adaptable Workforce Interim Report*¹ represents a significant missed opportunity to tackle the sector’s acute skills shortages, particularly given its scale, strategic importance, and ongoing workforce challenges.

3. Response to Interim Report Recommendations

3.1 National Freight and Supply Chain Strategy review and alignment

ALC strongly supports the recommendation to align this work with the National Freight and Supply Chain Strategy², ensuring that implementation plans are integrated, and outcomes focused on nationally significant freight corridors and hubs. This reflects ALC’s previous calls for greater national consistency and coherence across jurisdictions. The key risk is

¹ <https://www.pc.gov.au/inquiries/current/adaptable-workforce/interim/adaptable-workforce-interim.pdf>

² [National Freight and Supply Chain Strategy 2025](#)

fragmented state-based initiatives continuing in parallel, creating duplication, inefficiency, and regulatory divergence. ALC recommends that the Commonwealth play a stronger coordinating role to ensure state and territory actions are embedded in the NFSCS framework, supported by transparent reporting against agreed national KPIs.

3.2 National freight data framework

ALC strongly endorses the development of a national freight data framework, consistent with our ongoing advocacy for improved freight data collection, visibility, and sharing. Freight data is critical for planning, productivity, resilience, and decarbonisation monitoring. However, the Interim Report is vague on governance arrangements, funding mechanisms, and industry engagement. ALC urges that industry be centrally involved in framework design to ensure data is fit-for-purpose, commercially relevant, and securely managed. Clear governance structures, resourcing commitments, and a phased implementation plan are essential.

3.3 Industrial land protection and planning reform

This recommendation aligns closely with ALC's submissions advocating for safeguarding freight precincts from urban encroachment and incompatible land uses. The viability of freight corridors, terminals, ports, and intermodal hubs depends on long-term planning certainty. Implementation must go beyond non-binding guidelines. ALC recommends statutory planning controls, supported by clear land categorisation, buffer protections, and national consistency across jurisdictions, to ensure critical freight infrastructure is preserved and future capacity safeguarded.

3.4 Modal shift incentives and infrastructure

ALC supports measures to improve the competitiveness of rail freight and recognises the need for a balanced freight task across modes. However, modal shift targets must be realistic and backed by investment in rail infrastructure, terminal capacity, and last/first-mile connectivity. The Interim Report does not adequately address regulatory inefficiencies—particularly around rail network access and pricing—that currently hinder rail competitiveness. ALC urges governments to embed rail reform priorities in parallel with investment, ensuring that modal shift initiatives deliver measurable productivity and emissions outcomes.

3.5 Decarbonisation of the freight sector

Despite its potential to reduce congestion and emissions, rail freight remains underutilised across short-haul, long-haul and port-related container movements. Strengthening the competitiveness and accessibility of rail should therefore be a priority in policy and investment decisions. At the same time, ALC supports coordinated, technology-neutral initiatives to decarbonise the freight sector, underpinned by certainty for investment and nationally consistent policy settings. While rail investment is essential to enable greater mode shift, the transition must also support road freight operators—particularly SMEs and regional carriers—who will continue to play a critical role in the supply chain. Future work should therefore provide greater clarity on practical transition mechanisms to ensure all modes can adapt and contribute to a lower-emissions freight task.

- Policy and investment decisions should focus on improving the competitiveness and accessibility of rail freight, helping to ease road congestion and reduce emissions.
- Funding support and market mechanisms to de-risk early adoption of zero-emission vehicles (ZEVs) and alternative fuels.
- Infrastructure readiness, including grid upgrades, hydrogen supply, and charging/fuelling facilities in freight corridors.
- Transitional pathways, enabling operators to incrementally decarbonise while maintaining service continuity and competitiveness.

3.6 Funded access to standards incorporated in legislation.

ALC strongly supports this recommendation. Many freight businesses, particularly SMEs, face prohibitive costs to access mandated standards, creating barriers to compliance. Free or low-cost access would enhance compliance, safety, and equity across the supply chain, particularly in heavily regulated environments such as ports, warehouses, and dangerous goods transport. Fragmented and outdated standards also impose significant costs on infrastructure operators. Rail operators, for example, are required to purchase and comply with large volumes of mandated standards, many of which are no longer fit for purpose.

ALC therefore recommends that governments not only provide free or low-cost access to standards, but also ensure outdated references are systematically reviewed and updated. This approach would maximise the benefits of harmonisation and enable technology-neutral pathways for innovation, including zero-emissions transport, digital infrastructure, and automation.

3.7 Independent evaluation of Automatic Mutual Recognition (AMR)

ALC supports the independent evaluation of the AMR scheme. Greater workforce mobility across jurisdictions is essential for addressing shortages in freight-critical roles (drivers, diesel mechanics, refrigeration technicians, high-risk equipment operators). However, AMR has significant carve-outs and inconsistencies, particularly where federal licensing frameworks apply (e.g., refrigerant handling under ARCTick, maritime and biosecurity compliance).

To deliver on the intended productivity benefits, the evaluation must apply a freight and infrastructure-specific lens, considering:

- The interaction between AMR and federal licensing regimes.
- The impact on safety-critical roles in heavy vehicles, rail (including drivers, signal maintainers and track workers), refrigeration, dangerous goods, and fatigue-regulated activities.
- Mechanisms to ensure AMR expands without undermining national safety and environmental obligations.
- Pathways to transition towards national licensing in high-risk, mobile occupations.

By broadening the scope of AMR reform to include both freight and rail safety roles, governments can achieve seamless national labour market, reduce compliance costs, and improve workforce flexibility across models.

4. Priority Issues for the Freight & Logistics Sector

4.1 Standards Alignment

ALC's June position highlights that current fragmentation in vehicle access regulation, axle load limits, bridge assessments, local permit systems, and digital mapping standards creates operational inefficiencies and investment uncertainty. The Productivity Commission's Interim Report notes that the regulatory framework for freight vehicles is fragmented across jurisdictions, creating inefficiencies. However, the Report's economic modelling does not explicitly incorporate freight-specific standards to address these issues. To address this, ALC recommends including freight-specific operational and digital standards—such as UNECE vehicle regulations, Open Geospatial Consortium formats, and DATEX II protocols—in the Commission's harmonisation modelling. In addition, rail-road interfaces should be explicitly recognised. Joint accountability for level crossing safety, axle load harmonisation, and bridge infrastructure standards must be embedded within regulatory reform, supported by transparent co-investment and cost-sharing models. Addressing these interfaces will ensure both road and rail operators contribute equitably to safety and productivity outcomes. Finally, ALC urges consideration of road freight infrastructure standards on par with consumer safety standards, recognising their influence on trade, investment, and emissions reduction.

4.2 Occupational Licensing

ALC's June position identifies heavy vehicle driver licensing as fragmented, often based on time rather than competency, and lacking a harmonised offence notification system. The Productivity Commission's Interim Report, while focusing on electrical trades, overlooks the freight sector's critical high-risk occupation—heavy vehicle drivers—even though their licensing aligns with the National Cabinet Principles on mobility and safety. To address this gap, ALC recommends expanding the occupational licensing analysis to include both heavy vehicle drivers and rail safety-critical occupations, modelling the benefits of a nationally consistent, competency-based framework. This framework should include:

- A national digital platform to track verified training and driving hours (for road and rail operators)
- Adoption of Queensland's offence notification model as the foundation for national harmonisation
- Alignment with the need for an independent AMR evaluation to reduce exemptions and expand national coverage.

4.3 Workforce Reform Omission

The Australian Logistics Council observes that the Building a Skilled and Adaptable Workforce Interim Report makes no reference to the freight or logistics sector. This omission is concerning given that the sector employs over 640,000 Australians and serves as the backbone of every supply chain within the economy. Excluding freight and logistics from workforce policy analysis risks exacerbating existing skills shortages, hindering the adoption of decarbonisation technologies, and weakening the impact of planned licensing reforms. To rectify this, ALC recommends that the final report explicitly include freight and logistics occupations within its scope. Furthermore, it should establish a clear link between its findings and the National Cabinet Principles (NCP) occupational licensing reforms, with particular focus on heavy vehicle drivers. ALC also calls for proactive engagement with industry stakeholders, including itself, to identify

freight-specific training pathways and to address critical capability bottlenecks, ensuring the workforce is adequately prepared to meet future challenges.

4.4 Incentives and Decarbonisation Readiness

Discussions from recent webinars have emphasised that alignment of standards alone will not sufficiently accelerate the adoption of zero-emissions and higher-productivity freight vehicles, with rail still to be fully assessed. To drive meaningful progress, incentives and complementary policies are also necessary. ALC recommends that the Productivity Commission analyse how harmonisation of standards interacts with key policy levers, including vehicle purchase incentives, rail access reforms, road access reforms, and infrastructure investment, to effectively achieve emissions reduction targets. Decarbonisation readiness should be incorporated as a criterion when prioritising standards for review. This would ensure regulatory frameworks actively support modal shift and the deployment of zero-emission road and rail technologies. Rail, as the lowest-emission mode of long-haul freight, should be recognised as central to delivering national decarbonisation and productivity outcomes.

4.5 Additional Reform Areas Relevant to Freight

The Australian Logistics Council advocates for the implementation of a nationally consistent, mode-neutral road user charging framework. This framework should be grounded in principles of equity and transparency, accurately reflecting the true costs of infrastructure use while applying fairly to all vehicle types, including low- and zero-emission vehicles. It must align with the Heavy Vehicle Road Reform process and incorporate independent economic oversight to ensure pricing fairness. Revenue collected should be hypothecated to maintain and enhance the freight infrastructure it funds. A phased, consultative rollout—beginning with telematics-enabled pilot programs focused on electric vehicles—will provide freight operators with certainty and facilitate a smooth transition.

In addition, ALC calls for the harmonisation of freight-related data standards to support the sector's digital transformation. Establishing consistent data protocols is critical to enabling technologies such as digital twins, predictive maintenance, and real-time freight network optimisation. These reforms will drive improvements in operational efficiency, asset utilisation, and overall supply chain resilience, underpinning Australia's freight productivity and sustainability objectives.

5. Recommendations for the Final Report

ALC urges the PC to:

- Model the economic impact of harmonising freight-specific operational and digital standards, including road-rail interfaces, not only consumer/product standards.
- Include heavy vehicle driver licensing reform in occupational licensing modelling.
- Address the omission of freight from the workforce inquiry, linking skills reform to licensing and productivity outcomes.
- Incorporate decarbonisation readiness into standards reform analysis, ensuring rail's contribution is recognised!
- Fund free (or low-cost) access to mandated freight standards, and ensure outdated standards are systematically updated to reduce compliance costs for operators and training providers.
- Support nationally consistent governance corridor protection and pricing reform across road and rail to maintain interoperability, safety, and competitiveness.

6. Conclusion

Freight and logistics are not just part of the economy — they are the backbone of every supply chain, every market, and every community in Australia. If the final report does not embed freight-specific standards, licensing reform, and workforce development as integrated priorities, a major national productivity lever will remain untouched, and the intended benefits of the National Competition Policy reforms will be diminished. ALC urges the Productivity Commission to address these omissions in the final report and stands ready to work closely with the Commission to identify freight-specific evidence, operational impacts, and regulatory cost drivers. This collaboration will help ensure the Commission's modelling reflects the realities of the freight sector and delivers reforms that tangibly improve productivity, strengthen supply chain resilience, accelerate decarbonisation, and reduce costs for Australian households and businesses.