

# Productivity

## A Submission to the Senate Select Committee on Productivity in Australia

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## 1. Introduction

The Australian Logistics Council (ALC) represents the major participants in Australia’s end-to-end freight and logistics supply chains, including road transport operators, freight rail operators, ports, stevedores, aviation freight, warehousing and distribution providers, intermodal terminal operators, infrastructure owners, and major freight customers. These participants collectively operate the integrated system that underpins domestic economic activity and Australia’s international trade competitiveness. Freight and logistics are an enabling system that supports production, consumption, and trade across the entire economy. Small inefficiencies within this system compound rapidly, increasing costs for businesses, constraining export competitiveness, and placing upward pressure on consumer prices. In this context, freight reform should be understood as a core component of national productivity reform.

This submission draws together ALC’s recent contributions to the Productivity Commission’s *Interim National Competition Analysis*<sup>1</sup>, the main *National Competition Policy Analysis 2025*<sup>2</sup> consultation, the *Economic Reform*

<sup>1</sup> [Productivity Commission’s Interim Report on National Competition Analysis 2025](#)

<sup>2</sup> [National Competition Policy Analysis 2025](#)

*Roundtable*<sup>3</sup>, the *Building a Skilled and Adaptable Workforce*<sup>4</sup> submission, and ALC's *Investing in Cheaper, Cleaner Energy and the Net Zero Transformation*<sup>5</sup> submission, along with its work on *Creating a More Dynamic and Resilient Economy*<sup>6</sup>. Across this body of work, a consistent conclusion emerges: Australia's freight productivity challenge is not primarily operational. The sector is efficient, capital intensive, and increasingly sophisticated. The binding constraints sit instead in the design of the system within which freight operates.

Productivity outcomes are shaped by fragmentation across jurisdictional regulation, infrastructure planning, land use governance, workforce systems, energy frameworks, and data interoperability. These structural conditions require even highly efficient operators to absorb inefficiencies that originate outside their control. Addressing these constraints represents one of the most immediate and scalable opportunities to improve national productivity.

## 2. Recommendations

**1. Establish binding national regulatory harmonisation for freight operations:** Through National Cabinet, implement a formal intergovernmental agreement to standardise heavy vehicle access, licensing, and safety accreditation frameworks. This should include a single national digital permitting platform, consistent service level timeframes for approvals, and uniform operating standards across jurisdictions.

**2. Recognise and protect freight infrastructure as nationally significant economic assets:** Embed freight corridors, intermodal terminals, ports, airports, and industrial precincts within planning systems as critical infrastructure. Introduce statutory protections against incompatible land use encroachment and require freight impact assessments in urban planning decisions.

**3. Implement a nationally coordinated 24-hour freight framework:** Develop a harmonised national approach to curfews, noise regulation, and local access restrictions to enable greater off-peak freight movement. This should include model planning provisions and incentives for local governments to support extended freight operations.

**4. Prioritise first and last mile access as a system-level constraint:** Mandate integrated freight and land use planning across all jurisdictions, with a focus on protecting and enhancing access for high productivity vehicles to key industrial and intermodal precincts. Establish minimum access standards for nationally significant freight routes.

**5. Align freight pricing frameworks with system performance outcomes:** Undertake a coordinated review of road and freight rail pricing to improve transparency and ensure pricing signals support efficient network utilisation, modal complementarity, and long-term investment.

**6. Establish a national freight data and performance framework:** Develop a nationally consistent set of end-to-end performance metrics, including transit time variability, reliability, terminal dwell time, and interface delays. Require regular public reporting to inform infrastructure prioritisation and policy design.

**7. Implement a nationally consistent freight workforce framework:** Align licensing, training, and accreditation systems across jurisdictions. Expand industry–education partnerships to build a scalable workforce pipeline and ensure alignment between workforce capability and evolving freight task requirements.

**8. Reform regulatory frameworks to enable technology deployment at scale:** Streamline and standardise approval pathways for automation, digital freight platforms, and advanced vehicle technologies. Establish interoperable national data standards to support system-wide adoption.

**9. Coordinate decarbonisation infrastructure through a technology-neutral national strategy:** Align investment in electrification, alternative fuels, and energy infrastructure with freight network requirements. Prioritise corridor-based planning and ensure sufficient grid capacity at key freight nodes and logistics precincts.

**10. Embed resilience as a core component of freight productivity policy:** Incorporate redundancy, modal flexibility, and network adaptability into infrastructure planning and investment decisions. Recognise resilience as a structural input into long-term productivity.

<sup>3</sup> [Economic Reform Roundtable](#)

<sup>4</sup> [Building a skilled and adaptable workforce](#)

<sup>5</sup> [Investing in cheaper cleaner energy and the net zero transformation](#)

<sup>6</sup> [Creating a more dynamic and resilient economy](#)

**11. Establish a national freight reform implementation mechanism:** Create a coordinated governance framework under National Cabinet with defined milestones, performance indicators, and accountability mechanisms to ensure consistent implementation across jurisdictions.

### 3. Freight Productivity as a System Design Outcome

Freight productivity is often framed in terms of modal efficiency or infrastructure utilisation. This framing is incomplete. Freight operates as an integrated system in which road freight, freight rail, ports, aviation freight, and warehousing are interdependent. Productivity is therefore not determined by the performance of individual assets in isolation, but by system coherence across interfaces, regulatory frameworks, and operational handoffs. This explains a persistent feature of the Australian freight system: significant investment in corridor infrastructure does not consistently translate into system-wide productivity gains. In many cases, corridor performance is strong, yet overall system performance is constrained by bottlenecks at terminals, intermodal interfaces, and urban access points. This creates a structural divergence between asset-level efficiency and end-to-end supply chain performance.

### 4. Reliability and Variability as the Central Productivity Constraint

For freight users, reliability is more important than average speed. Variability in transit times directly shapes supply chain design and cost structures. Unpredictable freight movements lead operators to adopt risk mitigation strategies, including increased inventory holdings, expanded warehousing capacity, additional fleet deployment, and conservative scheduling. These responses shift supply chains from “just-in-time” to “just-in-case” models. The result is a material increase in working capital requirements, higher demand for industrial land, and reduced asset utilisation across the system. Variability therefore acts as a systemic cost multiplier. It is a primary driver of inefficiency, not a secondary performance issue.

### 5. Interfaces as the Binding Constraint on System Performance

The most significant productivity constraints occur at system interfaces rather than along transport corridors. These include port gate operations, rail–road intermodal transfers, terminal access, and urban freight entry points. These interfaces account for a disproportionate share of delays and variability. For example, congestion at port gates during peak periods can result in queuing, missed rail connections, and cascading scheduling disruptions across landside logistics operations. Similarly, at intermodal terminals, dwell times and misaligned scheduling between freight rail services and road operations reduce the effective utilisation of otherwise efficient corridors. These challenges are structural. Interfaces sit at the intersection of multiple regulatory regimes, asset ownership models, and planning systems. As a result, they are often the least coordinated components of the freight network.

### 6. Regulatory Fragmentation and Economic Transmission of Inefficiency

Regulatory fragmentation across jurisdictions remains one of the most significant structural constraints on freight productivity. This includes inconsistent heavy vehicle access rules, duplicated compliance requirements for interstate operations, and differing interpretations of safety and operational standards. These inconsistencies increase transaction costs, delay approvals, and reduce the scalability of operations. They also slow the adoption of new technologies by creating fragmented approval pathways and uncertainty around compliance requirements. Importantly, these inefficiencies are transmitted across the economy. They manifest as higher logistics costs for producers, reduced reliability for exporters, and increased prices for consumers. Regulatory fragmentation is therefore not an industry issue; it is an economy-wide productivity constraint.

## 7. Freight Data and System Performance Visibility

Australia lacks a consistent framework for measuring end-to-end freight performance. Existing metrics focus on infrastructure utilisation or modal outputs, rather than system-wide outcomes. From an operational perspective, the most meaningful indicators are those that reflect how freight is experienced by users. These include total journey time, variability for comparable tasks, terminal dwell time, and delivery reliability. Without these metrics, infrastructure investment and policy decisions are made with limited visibility of where constraints actually occur. This reduces the effectiveness of public investment and limits the ability to target reforms to areas of greatest impact.

## 8. Technology Adoption and Institutional Misalignment

Technological capability within the freight sector is well established. Automation in ports and terminals, digital freight platforms, real-time tracking systems, and advanced vehicle technologies are already available and, in some cases, deployed. However, adoption remains uneven. The primary constraint is institutional rather than technical. Inconsistent regulatory frameworks, fragmented safety accreditation processes, and the absence of interoperable data standards prevent technologies from scaling across the national system. As a result, innovation is often confined to isolated environments rather than delivering system-wide productivity gains.

## 9. Investment Certainty and System Coherence

Freight infrastructure and assets are long-term and capital intensive. Investment decisions are highly sensitive to policy and regulatory certainty. Fragmented or inconsistent policy settings increase risk, delay investment, and raise the cost of capital. This affects fleet renewal, intermodal development, and private sector participation in infrastructure delivery. A stable and predictable policy environment is therefore essential to enable long-term planning, contracting, and co-investment. Without this, the pace of system modernisation is constrained.

## 10. Workforce Constraints as a Structural Limitation

Workforce constraints are now a binding limitation on freight system capacity. These extend beyond driver shortages to include roles in warehousing, freight rail operations, logistics coordination, and technical maintenance. The underlying causes are structural, including fragmented training systems, inconsistent licensing frameworks, and limited visibility of freight careers. These constraints reduce asset utilisation, increase operational volatility, and limit the sector's ability to respond to demand fluctuations. A coordinated national workforce approach is required to align skills development with the evolving needs of the freight system.

## 11. Decarbonisation and Productivity Alignment

Decarbonisation is structurally linked to freight productivity. When aligned effectively, emissions reduction can improve efficiency through optimised energy use, improved asset performance, and better network integration. However, fragmented implementation risks duplicative infrastructure, inconsistent technology pathways, and inefficient investment. Without coordination, decarbonisation can increase costs and reduce system efficiency. A technology-neutral, nationally coordinated approach is required, with a focus on corridor-based planning, energy infrastructure readiness, and integration with freight network requirements.

## 12. System Resilience as a Component of Productivity

Resilience is frequently treated as distinct from productivity, but in operational terms it is integral to it. A freight system that is highly efficient in stable conditions but unable to adapt to disruption imposes higher systemic costs over time. Recent supply chain disruptions have demonstrated the importance of redundancy, modal flexibility, and network adaptability. These characteristics are not inefficiencies; they are structural requirements for maintaining productivity under variable conditions.

## 13. Implementation and Governance

The reforms outlined in this submission require coordinated national implementation. Fragmented delivery will replicate existing constraints. A formal governance mechanism should be established under National Cabinet to oversee freight reform. This should include:

- Clearly defined reform priorities
- Measurable performance indicators
- Transparent reporting
- Alignment between Commonwealth, state, and local governments

Without a structured implementation pathway, reform will remain incremental and inconsistent.

## 14. Conclusion

Australia's freight productivity challenge is fundamentally structural rather than operational. The freight sector is efficient, competitive, and increasingly technologically advanced. However, system-wide productivity is constrained by fragmentation across regulation, planning, infrastructure interfaces, workforce systems, and data frameworks.

The most significant productivity gains available to Australia do not require new technologies or major infrastructure expansion. They require coordinated system design reform that aligns existing capabilities across the freight network.

These reforms are practical, achievable within current institutional arrangements, and would deliver material improvements in national productivity, resilience, and economic competitiveness.