GETTING THE SUPPLY CHAIN RIGHT

BUILDING THE ECONOMY THROUGH EFFICIENT AND SAFE SUPPLY CHAINS
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Current at May 2016
INTRODUCTION

The Australian Logistics Council (ALC) is the peak industry body for Australia’s supply chain industry.

We represent the major Australian logistics supply chain customers, providers, infrastructure owners and suppliers.

Our members span the entire supply chain, incorporating road, rail, sea, air, sea ports and intermodal ports.

We lead the national debate on the steps needed to boost supply chain efficiency and safety, and work with all levels of government to ensure they give appropriate consideration to the needs of freight in their investment and policy decisions.

In light of these figures, ALC believes there needs to be greater focus at the federal level to improve the efficiency and safety of the logistics industry in order to maximise its benefits to the Australian economy.

Building the Economy through Efficient and Safe Supply Chains contains 29 recommendations to achieve this important national economic objective.

There has been positive progress in recent years by all governments to improve logistics planning and to progress a number of logistics reforms. For example, the development of Infrastructure Australia’s 15-Year Infrastructure Plan has provided a solid blueprint for improved infrastructure investment and reform outcomes.

However, there are still a range of areas where greater government focus is required to ‘get the supply chain right’.

In particular, the next Government of Australia must:

Get the Structure Right
Get Planning Right
Get Rail Right
Get Road Pricing Right
Get Road Safety Right
Get Technology Right

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**Key Facts about Australia’s Logistics Industry**

The logistics industry represents 8.6% of GDP

The industry adds more than $130 billion to the Australian economy

It employs 1.2 million Australians.

For every 1% increase in efficiency in the sector, GDP will be boosted by $2 billion.

Sectors to benefit most from this 1% increase in logistics productivity would be forestry, manufacturing, processed food, wholesale and retail trade and construction.

The need to improve the efficiency and safety of Australia’s supply chains is underscored by figures from the Bureau of Infrastructure, Transport and Regional Economics showing Australia’s freight task is projected to increase by 80 per cent between 2010 and 2030 with this rate of growth seeing freight triple by 2050.

ALC’s focus on these six key issues recognises the importance of efficient supply chains to Australia’s economic and social prosperity.

High performing supply chains, underpinned by consistent regulation, appropriate national infrastructure and seamless information transfer across the logistics industry, enable the smooth flow of goods from production to consumption.

They are critical to supporting future economic growth, encouraging investment, building more sustainable communities and preparing Australia for future global, national and regional challenges.

It is time to build our economy through more safe and efficient supply chains.

FIGURE 01: Freight task by transport mode, 1972–2030

RECOMMENDATIONS

INFRASTRUCTURE AUSTRALIA

1. Infrastructure Australia (IA) should be given resources to develop a:
   a. National Freight and Supply Chain Strategy, as recommended by Infrastructure Australia in its 15-year Infrastructure Plan, with the first priority to carry out a review of the current National Land Freight Strategy1 released by former Federal Infrastructure and Transport Minister Anthony Albanese on 7 September 2012;
   b. National Corridor Protection Strategy, which protects both existing and future freight corridors.

2. An incoming government should create a Freight Strategy and Planning Division within the Department with responsibility for transport. The Division, which would have departmental carriage of the proposed National Freight and Supply Chain Strategy, would be responsible for:
   a. co-ordinating the service delivery agencies and the freight industry in the development of strategy, policy and planning;
   b. representing the freight industry in government strategy and planning processes and advocate for freight stakeholders interests in decision making;
   c. managing and using freight and public transport statistics to develop and inform the planning agenda and transport policies; and
   d. managing the delivery of the National Freight and Supply Chain Strategy (when developed).

3. A single national economic regulator should be given responsibility to ensure appropriate structures are established to govern pricing and access conditions relating to general freight on interstate rail routes. The single national economic regulator would also have responsibility for pricing and access conditions for the broader land transport market, including infrastructure identified as being subject to road pricing. This includes the development of a pricing mechanism to manage the transition from the current Pay As You Go (PAYGO) system to the new road pricing model.

4. An incoming government, in partnership with the States and Territories, should establish effective corridor protection mechanisms from urban encroachment or incompatible land uses to ensure the timely preservation of surface, subterranean and air corridors and strategic sites for future infrastructure priorities.

5. An incoming government, in partnership with the States and Territories, should establish effective protection mechanisms for existing freight facilities such as ports, intermodal terminals and freight corridors from urban encroachment to ensure freight infrastructure is able to accommodate current and future freight volumes.

6. An incoming government should recognise that efficient and economically sustainable freight chains are required to operate on a 24 hour/7 day basis and so caps, curfews and other arbitrary restrictions on operations should be avoided. This principle should be applied when making decisions relating to the protection and development of freight corridors and employment lands.

7. Federal money appropriated for infrastructure purposes should be consolidated into an integrated and transparent Infrastructure Fund.

8. An incoming government should establish infrastructure reform incentives to link additional infrastructure funding to the delivery of reform outcomes.

9. An incoming government should ensure state and territory governments’ planning instruments require sensitive use developments (such as residential) in close proximity to infrastructure to implement appropriate mitigation measures for factors such as noise as part of delivering high quality development design outcomes. This is to allow freight activities to meet demand. Most importantly, metropolitan land use and transport planning processes should be integrated.

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10. An incoming government should continue to provide incentives for state and territory governments to recycle mature infrastructure assets so as to release substantial capital to be reinvested in productive infrastructure.

11. An incoming government should require state and territory governments to deliver and update land use plans for all Australian cities in a consistent and transparent manner, which should be integrated with corresponding infrastructure plans. In particular, national infrastructure requirements, priorities and strategies must be integrated into land plan uses at a state and local government level.

12. An incoming government should develop infrastructure service standards (both minimum and desired standards) to guide future and project development.

13. National governance principles, developed in partnership with governments and the private sector, should be formulated to support the development of long term integrated infrastructure plans.

14. Planning decisions should be made to ensure Badgerys Creek is able to operate as a 24 hour airport. However, in the interim a bridging strategy that will maximise the efficient use of airspace over Sydney until Badgerys Creek becomes fully operational should be developed.

**RAIL**

15. An incoming government should actively fund and manage the inland rail project in a holistic and genuinely national manner.

16. An incoming government should continue identifying, supporting and promoting opportunities where short haul rail services may offer supply chain efficiencies and broader community and environmental benefits.

17. The Government should bring together:
   a. the outcomes flowing from consideration of the recently published Draft Freight Rail Policy Objectives Discussion Paper; and
   b. the work being undertaken by the intergovernmental National Rail Work Programme and publish a ‘white paper’ so that a genuinely national rail freight policy can be developed.

18. The recent reviews examining the harmonisation of national rail safety and environmental laws regulating freight rail as recommended in the draft Freight Rail Policy Objectives Discussion Paper should be undertaken as a matter of priority.

**ROAD PRICING**

19. The road pricing process currently being developed by the COAG Transport and Infrastructure Council (TIC) to replace the current PAYGO formula must:
   a. have the principles guiding its development finally determined and published within 12 months of an incoming government’s first COAG TIC meeting
   b. have industry involved in all aspects in the development of the road funding model to ensure its workability and thus early implementation, and not just be involved in commenting on developed models contained in regulatory impact statements; and
   c. determine that any community service obligations placed on road owners by Government must be funded from the government’s general revenue and not from any new road user charge.
ROAD SAFETY

20. The Road Safety Remuneration Tribunal should not be reconstituted and that the monies allocated to the National Heavy Vehicle Regulator (NHVR) over the four year forward estimates period should remain with the NHVR.

21. Road operators should meet a national operating standard requiring an operator of a heavy vehicle to have in place both the financial capacity to operate a business and a uniform safety management system to ensure that Australia’s roads remain safe.

22. A statement of what are the principal interests and responsibilities of jurisdictional workplace health and safety regulators and the NHVR in the regulation of supply chain safety should be publicly published as soon as practicable.

23. A commitment should be given to ensure that guidance issued through WHS regulators through either the Australian Work Health and Safety Strategy 2012 or any other mechanism, complements industry guidance issued by the NHVR.

24. Forums should be established between WHS regulators, the NHVR and industry to ensure similarity in approach as to what constitutes a ‘reasonably practicable’ step to ensure supply chain safety.

25. Compliance with an industry code registered under the Heavy Vehicle National Law should be recognised by WHS regulators as a way to discharge WHS obligations (such as, for instance, to illustrate compliance with an enforceable undertaking made under WHS law).

TECHNOLOGY

26. So as to give the community assurance the road transport operators have in place systems to ensure that vehicles are operated safely, an incoming government should request the next available TIC meeting for an amendment to the Heavy Vehicle National Law to require heavy vehicles to carry data recording equipment that captures:
   a. the longitude, latitude, speed, date and time of circumstances of speeding events; and
   b. engine on/off data
   c. and for such data to be retained by operators.

27. Legislation requiring the capture of data for statutory reporting and monitoring purposes should rely on open standards and a systems platform approach rather than prescribing particular pieces of hardware and without the overriding concern to ensure the collection of data to ‘evidentiary standards’ to support (in particular) prosecutions.

28. An incoming government should encourage the development of collaborations that permit the transfer of non-proprietary information across the supply chain. The economic regulator with responsibility for land transport pricing and access decisions should be permitted to authorise such a practice if it is regarded as being prima facie anticompetitive.

29. An incoming government should continue to provide ongoing support for technological improvements in the rail freight sector to drive improved efficiency outcomes.

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BACKGROUND

This Parliament has continued the work of moving towards treating Australia as a single economy that is subject to a single set of regulatory standards.

This has also been the case with the regulation of Australian supply chains.

Evidence of this includes:

» the Competition Policy Review (the Harper Review), which anticipates (amongst other things) the economic regulation of utilities at a national level;

» the development of a road pricing model which should, if properly implemented, lead to the right investment on the right road, thus improving productivity and efficiency; and

» the increasing maturity of the National Heavy Vehicle Regulator (NHVR) and the Office of the National Rail Safety Regulator (ONRSR), which has allowed industry to have increasing confidence in their capacity to administer a consistent set of national regulations.

However, the most important development has been the publication of the 15 Year Infrastructure Plan (the Infrastructure Plan) by Infrastructure Australia.

The Infrastructure Plan contains a number of initiatives proposed by ALC that will be discussed later on.

The Plan’s most important recommendation is the development of a National Freight and Supply Chain Strategy.

IA recommended that in partnership with industry and government, it should:

» map nationally significant supply chains and their access to supporting infrastructure and gateways;

» evaluate the adequacy of the institutional framework supporting freight networks and recommend reforms and investments that will move the efficient movement of freight;

» facilitate the mapping of nationally significant supply chains and their connections across ports, airports, roads, rail and coastal shipping;

» identify the key bodies overseeing their efficient operation; and

» recommend a series of reforms and investments to enable the more efficient movement of freight.3

This strategy is to build on work underway at state and federal levels as well as the previously released National Land Freight Strategy and National Ports Strategy.

The development of this strategy will bring together the work being done to enhance the productivity of the Australian supply chain. An incoming government should ensure IA has the resources to commence this task immediately.

ALC believes that the first step in developing the Strategy is for IA to review the National Land Freight Strategy so it may ‘audit’ how well jurisdictions have implemented the existing agreement.

An incoming government should implement this important IA recommendation so governments and industry can make informed decisions to make the Australian supply chain more efficient and therefore productive.

There are other things that need to be done to ensure a single scheme of regulation for a national supply chain is done right.

3 Infrastructure Plan Recommendation 3.4
GETTING THE STRUCTURE RIGHT
GETTING THE STRUCTURE RIGHT

The first thing to do is to ensure that the administrative structure is right so that any strategies developed are competently delivered.

CREATION OF A FREIGHT POLICY DIVISION WITHIN THE AUSTRALIAN GOVERNMENT

It is often said that the movement of freight doesn’t receive the attention it should because freight doesn’t vote.

For this reason, ALC has argued in the past for a specific body (sometimes called Freight Australia) to promote the interests of the supply chain.

However such is the urgency of the task it is now more important for the Department with responsibility for transport matters after the election to have established within it a Freight Strategy and Planning Division. The Division should be responsible for:

» co-ordinating service delivery agencies and the freight industry in the development of strategy, policies and planning;

» representing the freight industry in the strategy and planning process and advocate for freight stakeholders interests in decision making;

» managing and using freight statistics to develop and inform the planning agenda and transport policies; and

» managing the delivery of the National Freight and Supply Chain Strategy (when developed).

CREATION OF A SPECIALIST ECONOMIC REGULATOR

Recommendation 50 of the Harper Review suggests that a number of functions currently performed by the Australian Competition and Consumer Commission (ACCC) should be transferred to a single national Access and Pricing Regulator.

ALC has long supported the idea of national institutions being responsible for the seamless regulation of services provided within what is essentially a national market.

For that reason, it has supported the establishment of institutions such as the National Heavy Vehicle Regulator (NHVR) and Office of the National Rail Safety Regulator (ONRSR).

ALC has suggested in the past the creation of a National Land Transport Economic Regulator for the land transport industry so road and rail pricing and access decisions are made in a consistent manner.

However, if an incoming government chooses to commit to a national utilities access and pricing regulator, the new body should be given responsibility to ensure appropriate structures to govern pricing and access conditions are established relating to interstate general freight on interstate rail routes and the broader land transport market (including developing a pricing mechanism to manage the transition from the current PAYGO system to the new road pricing model).
GETTING PLANNING RIGHT
GETTING PLANNING RIGHT

ALC has consistently argued that the interests of freight must be reflected in the planning regimes of the states and territories.

To ensure the continued efficient operation of the Australian supply chain and thus the productivity of the Australian economy, it is important that:

» employment areas and working ports and airports are protected from residential encroachment and;

» transport corridors are properly preserved for future use.

ALC was therefore very pleased that the Infrastructure Plan made recommendations that would assist in delivering this important goal.

ALC believes that an incoming government should give effect to the following IA recommendations, which reflect many of the submissions ALC has made to government over the last few years.

They include a requirement to:

» avoid caps, curfews and other restrictions on how infrastructure, particularly ports and airports, are operated and used;4

» require the Australian Government, in partnership with the States and Territories, to establish effective corridor protection mechanisms to ensure the timely preservation of surface, subterranean and air corridors and strategic sites for future infrastructure priorities;5

» consolidate all Federal Funding pools into an integrated and transparent Infrastructure Fund;6

» establish infrastructure reform incentives to link additional infrastructure funding to the delivery of reform outcomes;7

» continue to provide incentives for state and territory governments to recycle mature infrastructure assets so as to release substantial capital to be reinvested in productive infrastructure8;

» require state and territory governments to deliver and update land use plans for all Australian cities in a consistent and transparent manner, which should be integrated with corresponding infrastructure plans8;

» use infrastructure service standards (both minimum and desired standards) to guide future planning and project development10; and

» develop national governance principles in partnership with governments and the private sector to support the development of long term integrated infrastructure plans.11

The Infrastructure Plan sets out the necessary steps that have been identified in the past by ALC that should be taken to ensure supply chain efficiency and thus productivity improvements.

An incoming government should give these necessary recommendations of the Plan full and immediate effect.

Urban encroachment on the Port of Fremantle rail line

4 Australian Infrastructure Plan Recommendation 3.1  
5 Recommendation 9.4  
6 Recommendation 1.6  
7 Recommendation 1.1  
8 Recommendation 5.6  
9 Recommendation 2.8  
10 Recommendation 9.2  
11 Recommendation 9.7
FREIGHT FACILITIES AND INFRASTRUCTURE

An efficient freight chain needs to operate 24 hours, 7 days a week. Freight related activities can generate traffic, noise and air quality impacts, and these issues will grow as trade volumes increase.

Urban encroachment, such as can be seen around the rail freight line connecting the Port of Fremantle, has the ability to undermine the existing and future operation of the freight supply chain.

The lack of buffer zones and land separation setbacks and design mitigation measures for sensitive use developments have the ability to impact on the efficient operation of freight-related infrastructure.

More stringent environmental amenity criteria also makes it difficult for freight to comply with planning and environmental policies and requirements and thus restricts the fully efficient use of freight infrastructure.

It is imperative that planning policies promote physical land separation and protection of employment lands and freight infrastructure corridors from sensitive uses.

Unfortunately, the freight supply chain cannot sustainably support Australia’s growing freight demand if freight facilities and infrastructure continue to be restricted in realising their optimal capacity, due to restrictions imposed on their use or operating conditions. The imposition of restrictions on the operation and use of freight infrastructure will only add costs to consumers and businesses.

To complement this Strategy, an incoming government should immediately display national leadership by ensuring freight activities can operate 24 hours a day, 7 days a week. This would involve requiring state and territory governments to ensure their planning instruments necessitate provision of appropriate mitigation measures when sensitive use developments (e.g. residential) are located close to freight infrastructure.

To cater for the growing freight task, the preparation and implementation of a National Corridor Protection Strategy protecting both existing and future freight corridors, as recommended by IA, is therefore a high priority for an incoming government.
BADGERYS CREEK

A final planning consideration in planning is to ensure the air freight task can proceed in an unhindered fashion.

Australia’s large and rising national freight task includes significant growth in the air freight sector.

According to the 2013 Aviation White Paper, air freight volumes are expected to double by 2025 while the NSW Government predicts Sydney Airport will deal with more than 1.5 million tonnes of cargo each year by the 2035 - up from 650,000 tonnes in 2012.

It is therefore imperative that a second Sydney airport is established to share this growth in traffic.

However, this does not mean that the efficient operation of Kingsford Smith Airport (KSA) should be curtailed.

There has been some suggestion that operations at KSA be further restricted, including a reduction in the aircraft movement cap from the existing 80 flights per hour to 60.

It is probable that any economic modelling would show that this would cause significant damage to the Sydney economy with the cost of thousands of jobs.

The intention was for the two airports to work collectively to cater for the growth of air freight expected in the next couple of decades. The ability for either the Badgerys Creek facility or KSA to handle this capacity should not be prejudiced.

ALC also notes the new Badgerys Creek facility is vital for the Western Sydney region from an economic perspective.

A report by Deloitte for the NSW Business Chamber found an airport operating from 2027 will generate close to an addition 30,000 jobs and $9 billion in economic output for Western Sydney by 2050\(^\text{12}\).

To maximise the benefits to the community, the Western Sydney Airport should operate as a 24 hour airport – as always intended.

This is because throughout the world, curfew-free airports have provided significant benefits for their communities, evidenced in the Australian context by the operation of Melbourne and Brisbane Airports.

To allow Western Sydney Airport to reach its maximum capacity over the longer term, land and airspace around the airport site needs to be protected from inappropriate development, through the appropriate compliance with the National Airport Safeguarding Framework (NASF).

That said, Badgerys Creek will not be operational for at least a decade. The efficient operation of air freight operations in Sydney must be maintained. A bridging strategy is therefore needed to maximise the efficient use of airspace over Sydney until Badgerys Creek becomes fully operational.

GETTING RAIL RIGHT
INLAND RAIL

Inland rail is critical to Australia’s freight future given the expectations of the growth in the freight task.

The Inland Rail Business Case has now been positively assessed by IA.

The business case confirmed economy-wide modelling indicating the Inland Rail Programme will increase gross domestic product by $16 billion over the 10 year construction period and 50 years of operation.

It is therefore important to look at this project in a holistic and genuinely national manner.

For instance, Infrastructure Australia identified a dedicated freight rail connection to the Port of Brisbane as a High Priority Initiative in its 15 Year Infrastructure Plan.

A holistic approach to Inland Rail would suggest that an incoming government would support a dedicated freight rail connection to the Port of Brisbane.

This project will also ultimately encourage the development of inland rail hubs, and so it follows that the holistic approach would encompass encouraging the delivery of efficient rail connections from these inland hubs to the NSW ports of Newcastle, Port Botany and Port Kembla.

This approach will permit users to choose the best and most efficient freight chain to move goods from generation point to port.

It is important an incoming government continues to actively fund and manage this project so as to bring it to fruition.
SHORT HAUL RAIL

ALC members are committed to operating in this market sector. Moving more freight to rail, where it makes sense commercially, has the potential to significantly improve freight efficiency, while at the same time, improving urban amenity, reducing road congestion and decreasing queuing times at ports.

Accordingly, it is important that an incoming government has in place the capacity to identify projects that can facilitate these productivity enhancing outcomes.

This includes investing in and promoting projects such as the duplication of the Port Botany rail line, which will assist in addressing Sydney’s rising congestion issues and support the NSW Government’s vision to double the amount of freight moving to and from Port Botany by rail, which currently sits at 16%; and NSW Ports’ target to move 3 million TEU by rail over the longer term.

The Bureau of Infrastructure, Transport and Economics has recently published a report entitled Why Short Haul Intermodal Rail Services Succeed which found that vibrant value-adding hinterland terminals can secure the traffic volumes that are required for short haul rail to have competitive linehaul costs.

BITRE also reports that relative competitiveness is strengthened when there are deficiencies in truck haulage and that a coalition of diverse interest groups may seek, and thus support, vibrant terminals and complementary rail services.

Governments are making tentative steps towards investing in suitable projects. The Port Rail Shuttle in Victoria is one such example.

The federal government committed $38 million of Commonwealth funds to the Port-Rail Shuttle project in Victoria, topped up by $20 million from the Victorian Government, which will create a rail connection between the Port of Melbourne and three inland ports.

An incoming government should continue to identify, support and promote opportunities where short haul rail services may offer freight chain efficiencies.

One important element of this support is ensuring that state based planning instruments permit the efficient linking of ports with intermodal terminals.

Ensuring the use of rail to transport freight can continue to grow will also require buffer zones and land use setbacks from rail corridors. The preparation of a National Corridor Protection Strategy which protects both existing and future rail freight corridors is critical to increasing the use of rail to transport freight.
FREIGHT RAIL POLICY

The Government has recently published a Draft Freight Rail Policy Objectives Discussion Paper. Senior Officers of Australian transport departments are developing what is known as the National Rail Work Programme under the chairmanship of the NSW Government.

The discussion paper said:

Alongside the objectives, the NSW Government has developed a draft National Rail Vision that would apply to all rail infrastructure, regulation and policy in Australia, across the interstate, regional and urban networks. Together the National Rail Vision and the objectives will inform the future direction of rail policy.14

So that industry can make informed business decisions, an incoming government should bring together these pieces of work and produce a ‘white paper’ so that a genuinely national approach to the management of freight rail in Australia can be accomplished.

ADDRESSING REGULATORY DUPLICATIONS

The Government’s Draft Discussion paper noted:

A number of recent reviews (for example the Productivity Commission 2013 review into the National Access Regime and the Harper Review) have highlighted ongoing concerns with differences in railway gauge, interoperability and regulatory fragmentation.

For example, it has been estimated that complying with multiple environmental regulatory regimes costs the Australian rail industry $29 million per annum, a third of which is estimated to be a direct or indirect result of unnecessary regulation. In addition, the Minerals Council of Australia estimated that logistics related capacity constraints cost the industry $17 billion between 2002 and 2007, or the equivalent of 1.6 per cent of nominal national income in 2007.

The multi-jurisdictional regulatory frameworks and variations between them are a key driver of these avoidable costs.

To address these concerns, Ernst & Young suggest that a further stage of national reform work focused on freight rail could prioritise:

» Harmonisation of all aspects of rail safety laws between states, and providing additional support to the ONRSR to drive the implementation of the Rail Safety National Law in Queensland.

» Where economic benefits exist, moving towards a single set of laws across jurisdictions governing environmental regulation, workplace health and safety, workers’ compensation and drug and alcohol testing.15

These observations capture the views of industry. Accordingly, this review should involve industry in its development and should be commenced as a priority.
GETTING ROAD PRICING RIGHT
GETTING ROAD PRICING RIGHT

The Transport and Infrastructure Council, chaired by the Commonwealth, is developing a road pricing system to replace the current PAYGO formula, with a view to adopting independent price regulation for heavy vehicles by 2017-18.

There have been a number of government reports, including the Harper Review, that have called out Australia’s road network as the least reformed of all infrastructure sectors. With the logistics industry, and the overall Australian economy, absolutely reliant on an efficient road network this reform needs to be undertaken with due care and consultation with industry.

It is imperative that an incoming government maintain the confidence of industry by ensuring that any revenue raised is used on infrastructure investments that will enhance productivity outcomes on National Key Freight Routes and not used to raise general revenue.

Accordingly, an incoming government must:

» ensure that the principles guiding the development of the road pricing model are clearly articulated. An incoming government should show national leadership and require that the principles guiding the development of the new road pricing system be finalised and publicly published immediately after its first TIC meeting;

» ensure that industry is involved in discussions as possible funding models are developed, and not just presented as a fait accompli in a regulatory impact statement. Industry must be involved in all aspects in the development of the road funding model to ensure its workability and thus early implementation. This is a particularly important point given the shape of the funding model is apparently starting to ‘crystallise’; and

» determine that any community service obligations placed on road owners by Government must be funded from the government’s general revenue and not from any new road user charge.
Workplace safety, including road safety, is of paramount concern to ALC

This is because a safe supply chain is a productive supply chain.

Effective regulation therefore needs to underpin safe and efficient supply chains.

Improving safety in the heavy vehicle industry must be based on achieving greater compliance and enforcement of Chain of Responsibility within the Heavy Vehicle National Law.

It cannot be achieved by having an industrially-focussed body that can override the National Heavy Vehicle Regulator and work health safety laws.

This was why ALC opposed the Road Safety Remuneration Tribunal, as it was a counter-productive approach to dealing with supply chain safety.

ALC was virtually alone in opposing the Road Safety Remuneration Tribunal (the RSRT) since its introduction, and is pleased that the RSRT has been abolished, with funds transferred to the NHVR.

FIGURE 01: Fatal crashes involving heavy vehicles, Australia – moving annual total

ALC’s opposition to the Road Safety Remuneration Tribunal was based upon the following facts:

» the creation of the Road Safety Remuneration Tribunal resulted in regulatory overlap with other laws such as the Heavy Vehicle National Law and work health and safety laws, causing significant confusion, inefficiency and costs across the industry;

» it ignores, and diverts attention away from industry participants’ Chain of Responsibility obligations and the important role technology can play in improving heavy vehicle safety;

» the inherent difficulty in establishing a ‘safe rate’;

» the lack of definitive evidence that proves the link between remuneration and safety outcomes in the heavy vehicle industry; and

» the proven negative economic impact of the Road Safety Remuneration Tribunal to the broader Australian economy.

It is important to note that safety in the heavy vehicle Industry is continuing to improve.

Statistics from the Bureau of Infrastructure, Transport and Regional Economics’ report (Fatal Heavy Vehicle Crashes—Quarterly Bulletins – December Quarter) shows fatal crashes involving articulated trucks decreased by an average of 4.5 per cent per year over the three years to December 2015 (see graph below).
The RSRT should not be reconstituted and funds allocated to the NHVR over the four year forward estimates period should remain with the NHVR.

Discussions with regulators have made it clear there are concerns about the capacity of some road operators to operate a business in a business-like manner and, more particularly, that some operators do not maintain sufficient capital to maintain vehicles in a roadworthy state, thus posing dangers to all road users.

An incoming government should therefore display national leadership and ensure that road operators meet a national operating standard that requires an operator of a heavy vehicle to have in place both the financial capacity to operate a business and a uniform safety management system to ensure that Australia’s roads remain safe.

In the meantime, changes are being made to the Heavy Vehicle National Law which will lead to supply chain participants owing duties that are similar in nature to those imposed under Australian workplace health and safety law.

Moreover, whilst the NHVR is developing enforcement and compliance strategies, Safework Australia has developed the Australian Work Health and Safety Strategy 2012-2022, which has special focus on the safety of supply chains and networks.

Industry must be confident that enforcement policies and guidance materials are as common as possible, and that there is, in particular, a common understanding as to what constitutes a ‘reasonably practicable step’. This is to ensure compliance with safety legislation so that efficiency is not impaired by different agencies adopting different practices.

Accordingly, an incoming government should exercise its leadership role to ensure:

- a statement of what are the principal interests and responsibilities of jurisdictional workplace health and safety regulators and the NHVR is publicly published;
- a commitment that guidance issued through WHS regulators through either the Australian Work Health and Safety Strategy 2012-2022 or any other mechanism, complements industry guidance issued by the NHVR;
- forums are established between WHS regulators, the NHVR and industry to ensure similarity in approach as to what constitutes a ‘reasonably practicable’ step to ensure supply chain safety; and
- compliance with an industry code registered under the Heavy Vehicle National Law should be recognised by WHS regulators as a way to discharge WHS obligations (such as, for instance, compliance with an industry code being accepted as discharging obligations made under an enforceable undertaking given under WHS law).
GETTING TECHNOLOGY RIGHT
GETTING TECHNOLOGY RIGHT

ALC has long argued that it should be mandatory for heavy vehicles to collect and maintain data relating to speed and fatigue offences so it is available for use by both businesses and enforcement agencies.

The current Government has recognised the validity of this approach, illustrated by the call for the mandatory use of telematics in heavy vehicles provided by the Employment Minister Senator Michaelia Cash in her interview on Sky News on 11 April 201617.

» DAVID SPEERS: And you would like to see that [GPS trackers] in all trucks?

» MINISTER CASH: On the basis that we have a proper implementation system. I think it is a great step forward. When you speak to people in the industry they would agree with you. It is a positive step forwards and you need to work with the industry to implement this type of step. Technology is a far better answer than putting people out of business, which is what this is doing.

However, there may be a need to collect data for other purposes.

For instance, in a Ministerial Statement made on 2 December 2015, the Hon Paul Fletcher MP, Minister for Major Projects, Territories and Local Government, announced the Government will accelerate work with states and territories on heavy vehicle road reform and investigate the benefits, costs and potential next steps of options to introduce cost reflective road pricing for all vehicles.

This was in response to Recommendation 3 of the Harper Review, which called for cost reflective road pricing with the aid of new technologies, with pricing subject to independent oversight and revenues used for road construction, maintenance and safety.

As previously discussed, the Government, through the Transport and Infrastructure Council, is developing a revised road user charging system so that funds raised from the operation of heavy vehicles go towards investing in productivity enhancing infrastructure on Australia’s key freight routes.

One of the great challenges for a road owner designing forward looking investment and maintenance plans (like those prepared by electricity and telecommunication companies) is to determine how many heavy vehicles use a particular road. It should also be noted estimating patronage numbers was one of the complex issues that the previous HVCI process found too difficult to solve.

Information collected and retained by operators is the most pragmatic and achievable way to allow road users to gather this difficult-to-collect data and use it as the demand estimate in any investment and maintenance plan submitted for consideration to an economic regulator.

Finally, there has always been interest in the logistics industry to encourage the ability to transfer non-proprietary information so as to improve the flow of freight from one end of a freight chain to another in a manner similar to the Hunter Valley Coal Chain.

ALC has long recommended the development of policies to allow this to happen, with the economic regulator with responsibility for land transport pricing and access decisions permitted to authorise such a practice, if it is regarded as being prima facie anticompetitive.

ALC harbours concerns that as technology becomes more dynamic and cheaper, different jurisdictional regulators will require heavy vehicles to use multiple pieces of hardware prescribed by particular laws to capture data fields that may be identical to information required by other regulators.


Photos courtesy of MTData
As an example, section 144AC of the Protection of the Environment Operations Act 1997 (NSW) allows the NSW Environmental Protection Authority to require certain operators transporting waste to carry specific approved GPS tracking devices.

ALC believes legislation requiring the capture of data for statutory reporting and monitoring purposes should rely on an open standards and a systems platform approach rather than prescribing particular pieces of hardware.

ALC further believes this legislation should not have an overriding concern to ensure the collection of data to ‘evidentiary standards’ to support (in particular) prosecutions.

To give the community assurance that road transport operators have in place systems to ensure that vehicles are operated safely, an incoming government should therefore take the lead at the next available TIC meeting for an amendment to the Heavy Vehicle National Law to require heavy vehicles to capture data that records:

» the longitude, latitude, speed, date and time of circumstances of speeding events; and
» engine on/off data.

and for such data to be retained by operators.

Technological improvements in the rail freight sector

Effective technological development and implementation is critical to ensure the rail sector continues to be an efficient and effective transportation mode. Over the past decade, technological improvements within the rail network have helped improve reliance, safety and automation capability. These improvements have introduced smarter workplaces and supported ICT system upgrades that have allowed greater agility and interoperability.

Further investments in communications technology that drive efficiency and improve safety are important to promote positive gains for rail in productivity. Given the high-cost outlay required to adopt new technologies, government support is required to ensure uptake and investment continues.

A good example of this is the field trials currently underway at ARTC on a next generation communication based safe working system, the Advanced Train Management System.

Through the Australian Government’s assistance this communications system has the capacity to provide the industry with better transport outcomes by:

» improving the capacity of the rail network
» enhancing operational flexibility
» increasing train service availability
» improving transit times and rail safety, and
» upgrading system reliability.

The increased capacity will result in reduced capital and maintenance costs through an elimination of the on-ground infrastructure required under the current system.
CONCLUSION

ALC looks forward to working with the incoming government to:

Get the Structure Right
Get Planning Right
Get Rail Right
Get Road Pricing Right
Get Road Safety Right
Get Technology Right

Greater government focus on these six areas is critical to ensuring Australia has appropriate national regulation and infrastructure in place to meet Australia’s future freight challenges.
GET THE STRUCTURE RIGHT
GET PLANNING RIGHT
GET RAIL RIGHT
GET ROAD PRICING RIGHT
GET ROAD SAFETY RIGHT
GET TECHNOLOGY RIGHT