

31 July 2017

Standing Committee on Infrastructure, Transport and Cities
PO Box 6021
Parliament House
CANBERRA ACT 2600

AUSTRALIAN GOVERNMENT'S ROLE IN THE DEVELOPMENT OF CITIES

The Australian Logistics Council (**ALC**) is pleased to make a submission to the Standing Committee on Infrastructure, Transport and Cities (**the Committee**) in their inquiry regarding the Australian Government's role in the development of cities.

By way of background, ALC is the peak national body representing the major and national companies participating in the freight logistics industry, with a focus on national supply chain efficiency and safety.

Overview

ALC believes it is critical that freight is able to efficiently and safely travel through cities to reach the end consumer.

The essential items most Australians take for granted — our food, household appliances, clothing, medications and cars, to name just a handful — are generally not grown or manufactured close to the cities where most of us live. This is why it is critical that as the Australian Government develops and implements their cities policies, adequate attention is given to the way freight is able to move within our cities.

In recent years, challenges faced by the freight logistics industry in our cities include:

1. urban encroachment;
2. lack of freight corridor protection;
3. CBD delivery;
4. freight and passenger transport infrastructure; and
5. insufficient integration of new and existing transport infrastructure.

Urban Encroachment

Urban encroachment is one of the greatest challenges affecting the longer term operation of freight infrastructure.

A truly safe and efficient supply chain needs to be able to operate round-the-clock, so that freight movement is able to occur at all times and operators can take advantage of off-peak road traffic volumes.

Regrettably, current trends in planning policy tend to favour the interests of residential development over freight efficiency. The result is lost economic opportunities and, very often, higher costs for freight operators.

NSW Ports has offered one clear example in relation to Port Botany. This example was provided at the ALC Forum 2017, held in Melbourne in March. The ALC Forum this year was themed '*Getting the Supply Chain Right*' and brought together over 300 executives spanning the entire supply chain, including infrastructure asset owners, logistics company managers and government officials.

Case study: NSW Ports

Marika Calfas, Chief Executive Officer of NSW Ports, said that urban encroachment is one of the top five concerns her organisation has about the future. The most concerning aspect is that encroachment is preventing the industry from using existing infrastructure to capacity before we have to start planning and building new facilities.

Ms Calfas highlighted Port Botany as a textbook illustration of the problem. The facility was originally constructed in the 1960's as a means of getting industry out of Sydney's residential areas. Yet, over the last 50 years, the zoning for the adjacent land has been altered, first from industrial to commercial, and now increasingly from commercial to residential.

The end result is a situation where there is now a residence just 200 metres from the port – and many formerly single dwelling properties in the vicinity have become high density properties. The value of land is skyrocketing, and it is much more lucrative to sell it as residential land. Accordingly, even old factories in the area are now also being converted into residential properties.

This is engendering more and more noise complaints from new residents. The political response invariably results in decisions that favour residents over freight operators – despite the fact that the port was there long before the residents were.

Ms Calfas pointed to the flow-on effect of this phenomenon – increasing scarcity of industrial land available to unload and redistribute freight. In the case of Sydney, this means trucks must travel further west to redistribute, further happening efficiency in the supply chain.

The subsequent discussion among delegates revealed a high degree of support for addressing urban encroachment issues as a core aspect of the National Freight and Supply Chain Strategy.¹

Other industry representatives have correctly noted that there is a symbiotic relationship between good outcomes for freight efficiency and good outcomes for the community. The issue is the fact that this is vastly underappreciated by the wider community.

The challenges of urban encroachment and poor planning systems have been a consistent theme in ALC's discussions with supply chain participants. For instance, Sydney Airport is impacted upon in the same way, and the protection of suitably zoned employment lands is also a key issue.

¹ Possible contents of a National Freight and Supply Chain Strategy – An Industry View, Australian Logistics Council, May 2017 <http://www.austlogistics.com.au/wp-content/uploads/2017/05/WEB-NFSCS-Working-Paper-May-2017.pdf>.

As NSW Ports has subsequently noted in a joint presentation with the NSW Department of Planning & Environment:

1. Ports are clearly too important to not be part of metropolitan planning, the viability of which needs to be **protected**.
2. We need a **plan and clear direction** on what we are planning for at all levels of government.
3. Compromised planning outcomes between industrial and residential uses fails both industry and residents. We need a sustainable land use **planning solution that allows industry to operate and expand** in order to increase economic activity and jobs.
4. Planning regimes must acknowledge **freight as an urban priority**. It's important that it gets recognition in planning at a state and local government level.
5. The planning system needs to **recognise that the current operational environment will change** (particularly 24/7 operations) and therefore impacts could intensify including amenity impacts on sensitive users. Also that the industry will continue to change and evolve.
6. **Retention and protection of industrial and employment lands** are required including suitable sizes for freight logistics and port related lands.

Infrastructure Australia's July 2017 report, *Corridor Protection – Planning and investing for the long term*, found that Australian governments could save \$10.8 billion in land purchases and construction costs with adequate corridor protection.

One example highlighted in this report is a future alternative freight rail connection to the Port of Brisbane. Infrastructure Australia estimates up to \$66 million could be saved if appropriate corridor protection mechanisms are established.²

A future alternative freight rail link to the Port of Brisbane is particularly important given the once-in-a-generation investment made by the Australian Government in the Melbourne to Brisbane Inland Rail project. The full economic potential of Inland Rail can only be achieved if it is connected from the Port of Melbourne to the Port of Brisbane.

The salience of corridor preservation has been noted in some jurisdictions, including by Infrastructure Victoria in its *30 Year Infrastructure Strategy*.³

However, Australia's supply chains do not stop at state borders. Our economy is national – and accordingly a nationally consistent approach to infrastructure and regulation is required.

The Australian Government, in its response to Infrastructure Australia's *Australian Infrastructure Plan*, correctly identified that corridor protection was a joint responsibility of federal, state, territory and local governments.⁴

² *Corridor Protection – Planning and investing for the long term*, Infrastructure Australia, July 2017, p 23.

³ *Victoria's 30 Year Infrastructure Strategy*, Infrastructure Victoria, December 2016.

⁴ *The Australian Government's Response to Infrastructure Australia's Australian Infrastructure Plan*, Commonwealth of Australia, November 2016, p 59.

ALC has long held the view that incentive payments should be offered to state, territory and local governments to preserve transport corridors and employment lands from encroachment. As such, we strongly recommend that future budgets appropriate funds for incentive payments that can help to deliver such outcomes.

A precedent has now been set...

ALC was particularly interested to observe that the 2017/18 Federal budget papers included the offer of an unspecified amount of money under the Western Sydney City Deal for incentive payments to the state and local governments to support planning and zoning reform, accelerate housing supply and deliver affordable housing outcomes in Western Sydney.⁵

Freight and Passenger Transport Infrastructure

In a perfect world, the infrastructure used to transport freight would be entirely separate from the infrastructure used for passenger and private transport.

The reality is that most transport infrastructure in Australia is used for both freight and passenger transport. Roads are the obvious example. When trucks, buses and cars used the same roads it leads to congestion and increases the chances of a road accident occurring.

The separation of freight and passenger transport infrastructure should be a desirable outcome for the Australian Government. The benefits of separation, for both freight and passenger transport, include travel time savings, increased efficiency and increased safety.

Inland Rail

One of the greatest benefits of the Inland Rail project is that it separates freight and passenger transport infrastructure.

The Australian Rail Track Corporation estimates that by bypassing the Sydney rail network, where passenger trains get priority, the Melbourne to Brisbane freight rail journey will take approximately 24 hours.⁶ Using the existing coastal rail the same journey can take 32-34 hours. This is a time saving of up to 10 hours.

The Inland Rail project highlights how separating freight and passenger transport infrastructure can improve the transport network for all users.

ALC encourages the Australian Government to support shovel-ready or proposed infrastructure, through funding or corridor protection, that seeks to separate freight and passenger vehicles.

⁵ *Budget Paper No 2 2017-18*, Commonwealth of Australia, May 2017 p 142.

⁶ *The Case for Inland Rail*, Australian Rail Track Corporation, 2016 p 9.

CBD Delivery

Australia is a highly urbanised country – and this is unlikely to change in the near future.

The growth in CBD traffic congestion – stemming from significant residential and employment growth in inner-city areas – presents significant challenges for freight operators undertaking deliveries in CBD areas.

Increasing competition between passenger and freight vehicles in a congested road network is significantly adding to business costs. This circumstance flows directly from a lack of investment, and from insufficient consideration of freight movement in our current planning schemes.

A lack of adequate street loading zones, as well as new residential and commercial buildings with poor (or non-existent) freight delivery facilities are likewise making CBD freight delivery a more cumbersome and costly exercise.

These difficulties are exacerbated by the continuing imposition of curfews or outright bans on vehicle movement in parts of our major cities.

Perversely, this is occurring during a period where growth in e-Commerce is fuelling expectations among many consumers of faster delivery timeframes, and lower shipping costs.

Australian governments must consider how to deal with these issues, to ensure that the needs of freight operators are given proper weight in CBD planning and infrastructure decisions, so that freight operators are not faced with unsustainable cost pressures.

Insufficient Integration of New and Existing Transport Infrastructure

Too often, inadequate planning processes produce situations where the full economic potential of a newly-constructed piece of transport infrastructure is placed at risk.

For example, ALC strongly supports the WestConnex project currently under construction in NSW as one that has enormous potential to improve traffic flows and alleviate congestion for freight logistics operators using the Sydney road network.

While there is no doubt the incorporation of the Sydney Gateway into the project design is a great improvement, it still needs to be made clear how this critical transport project will connect with Port Botany and Sydney Airport, two of NSW's most significant freight hubs.

Likewise, the full economic benefits of the the Inland Rail project will rely on it providing an end-to-end freight rail transport solution, linking the Port of Melbourne with the Port of Brisbane. This means the connection to the ports at either end of the route must be a priority consideration as the project is rolled out over the next decade.

Conclusion

The liveability of Australia's cities will be compromised if we are unable to transport the consumer goods necessary to a comfortable modern existence to consumers.

Unfortunately, many of our current planning regimes fail to take account of this simple reality, pursuing the 'path of least resistance' by ranking the needs of residents above the needs of freight movements when it comes to decision making.

Accordingly, ALC suggests the Committee recommend that the Australian Government take a greater involvement in planning outcomes. This will help to deliver better economic outcomes and the more efficient and safe delivery of freight by easing urban encroachment and helping to protect corridors for later infrastructure investment.

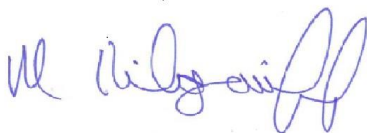
Recommendations

ALC recommends that:

1. The Australian Government provide incentive payments to state, territory and local governments to support planning and zoning reform; and
2. The Australian Government establish a dedicated Freight Strategy and Planning Division within the Department of Infrastructure and Regional Development. This Division would be staffed with appropriately qualified personnel to provide it with the quality advice necessary to provide national leadership and better policy outcomes in planning.

Please contact me on 0418 627 995 or at Michael.Kilgariff@austlogistics.com.au should you wish to discuss this matter.

Yours sincerely



MICHAEL KILGARIFF
Managing Director