

# LAYING THE FOUNDATION

DEVELOPING AND IMPLEMENTING THE  
NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY  
DISCUSSION PAPER 1

JUNE 2018



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Last updated June 2018

# OVERVIEW

The Australian Logistics Council (**ALC**) is the peak national body representing the major and national freight logistics companies. We have a focus on national supply chain efficiency and safety.

On 24 November 2016, the Prime Minister, Hon. Malcolm Turnbull MP, announced that the Commonwealth Government would undertake a National Freight and Supply Chain Strategy (**the National Strategy**).

ALC was the industry leader advocating for the development of a National Freight and Supply Chain Strategy.

Australia's supply chains do not stop at state borders, and our rapidly-growing population will add significantly to the nation's freight task in the years immediately ahead.

As such, now is the right time for national leadership to establish a consistent approach to infrastructure development and the regulation of freight movement.

To inform the development of the National Strategy, the Commonwealth undertook the *Inquiry into National Freight and Supply Chain Priorities* (**the Inquiry**) throughout 2017.

The Inquiry released its Report (**the Inquiry Report**) on 18 May 2018, during the Transport & Infrastructure Council (**TIC**) meeting in Darwin. The priorities identified in this Final Report will now underpin the development of the National Freight and Supply Chain Strategy.

That meeting also agreed on a timeline for the development of the Strategy over the next 12 months, with all jurisdictions to work together on its development ahead of its public release in May 2019.



# ABOUT THIS DISCUSSION PAPER

In welcoming the release of the Inquiry Report on 18 May, ALC noted its recommendation of continuing industry involvement in the development and implementation of the Strategy.

ALC believes that this is essential to make certain that the Strategy which is released is one that will meet the needs of industry, and permit Australia to meet its growing freight task efficiently and safely.

To help achieve that objective, ALC will be releasing a series of Discussion Papers over the coming months that will provide insight into industry's thinking on the Strategy's implementation, and the areas that should be prioritised for action.

This first Discussion Paper, *Laying the Foundation*, focuses on 9 key actions that the Commonwealth Government can take immediately to help facilitate a more rapid implementation of the Strategy when it is released around May 2019.





# INTRODUCTION

*“In all matters, before beginning, a diligent preparation should be made.”*  
– Cicero

The National Freight and Supply Chain Strategy now being developed by the Commonwealth Government, in cooperation with state and territory governments, is the single most comprehensive national effort ever undertaken to enhance national supply chain efficiency and safety.

It will significantly build on the National Ports Strategy and National Land Freight Strategy, which were released in 2012.

It comes as a number of pressures are combining to exert significant pressures on Australia’s existing freight networks.

These include rapid population growth, the disruptive impact of rapidly evolving technologies, a burgeoning middle class in developing nations with an appetite for Australia’s high-quality export goods, and changing patterns of consumer behaviour which see Australians sourcing products globally and expecting speedy delivery.

Yet, in the face of this shifting reality, much of the regulatory framework shaping our freight networks remains mired in the past. The pace of policy reform has slowed since the beginning of the century, productivity growth has stagnated and Australia’s international competitiveness has fallen relative to other comparable economies.

As the Report of the *Inquiry into National Freight and Supply Chain Priorities* observes:

*“Many of the priorities in this Inquiry Report address issues that are well known and have been identified in previous work but they have not been previously addressed. Governments need to take a leadership role and **take immediate action.**”*  
(emphasis added)

ALC agrees that the need for action is urgent – and it is in that spirit that the material in this Discussion Paper is offered.

Although the National Strategy will be developed over the months leading up to May 2019, there are nonetheless actions that can be pursued immediately, in order to buttress its ultimate effectiveness.

In much the same way as the soil must be tilled before a new crop is planted, or a coat of primer applied before a new paint job, so too must a solid foundation be laid for the National Freight and Supply Chain Strategy.

The issues and recommendations contained in this Discussion Paper all share three characteristics:

1. They have been identified as industry priorities during ALC Forum 2018 (held in March) and/ or the ALC Supply Chain Technology Summit 2018 (held in May);
2. They are consistent with recommendations put forward in the Inquiry Report released on 18 May 2018; and
3. The Commonwealth Government has the ability to act on them immediately, using existing powers.

Pursuing the recommendations set out in this Discussion Paper will prepare the ground for the implementation of a more effective National Freight and Supply Chain Strategy.

# LIST OF RECOMMENDATIONS

**Recommendation 1:** That the Commonwealth Government immediately establish a dedicated Freight and Supply Chain Unit within the Department of Infrastructure, Regional Development and Cities.

**Recommendation 2:** That the Commonwealth Government immediately commission an independent review of the rules around over size and over mass (OSOM) vehicle movements, to report by May 2019, identifying opportunities to streamline route approvals and establish national consistency.

**Recommendation 3:** The Commonwealth Government should immediately review and amend regulations that prescribe specific freight aircraft types that may operate during curfew periods, and instead permit the operation of any aircraft that meets an agreed noise standard.

**Recommendation 4:** The dedicated Freight and Supply Chain Unit within DIRDC be immediately tasked with establishing a data gathering and performance review mechanism that measures and reports the performance of key freight routes and interfaces at freight terminals.

**Recommendation 5:** That the Commonwealth Government allocate a portion of the monies appropriated in the 2018/19 Commonwealth Budget to assist the implementation of the National Freight and Supply Chain Strategy to the ABS, to complete the establishment of a transport satellite account.

**Recommendation 6:** That the Commonwealth Government incorporates ALC's *National Planning Principles* into all agreements with other jurisdictions pertaining to infrastructure funding, and incentivises their adoption by making reward payments upon implementation.

**Recommendation 7:** Freight rail projects which also deliver substantial benefits for passenger rail and reduction of congestion should be eligible to receive funding support through the Commonwealth's *National Rail Program*.

**Recommendation 8:** That the Commonwealth Government engage with port operators and supply chain participants to identify areas where government mandated documentation related to the import and export of goods can be digitised and streamlined.

**Recommendation 9:** That the Commonwealth Government immediately requests the Productivity Commission review of rail and road operating standards be brought forward to 2018, and further requests that mandatory use of telematics and National Operating Standards be examined as part of this review.



# 1. A NATIONAL FREIGHT AND SUPPLY CHAIN UNIT FOR DIRDC

The implementation of a National Freight and Supply Chain Strategy is a complex exercise, which will call upon the skills and expertise of talented individuals, require careful negotiation with state, territory and local governments, and a deep understanding of the issues that affect the performance of our nation's supply chains.

This complexity poses significant challenges for the implementation process, and demands a clear line of responsibility and accountability be established. This will help to provide certainty for all stakeholders, and confidence for freight logistics operators that the National Strategy is on-track.

ALC has consistently advocated for the creation of a dedicated unit within the Department of Infrastructure, Regional Development and Cities (DIRDC) that will take responsibility for the implementation of the National Strategy.

The value of this proposition was explicitly acknowledged during a session at ALC Forum 2018, which featured members of the Expert Panel advising the Inquiry.

During their presentation at Forum, members of the Expert Panel noted that beyond the publication of the Strategy, industry has an obligation to ensure governments keep to their commitments – and make certain that recommendations and initiatives don't get lost in political cycles.

The best way to ensure that occurs is to make certain there is a clear point of administrative responsibility for implementation – and as this is a National Strategy, the relevant Commonwealth department is the obvious host.

The establishment of a dedicated unit within DIRDC “with responsibility for the ongoing development and implementation of the National Strategy” was Recommendation 1.1 of the Report of the Inquiry.

The Report also notes that governments “need to take a leadership role and take immediate action”. ALC believes the establishment of this unit within DIRDC is an obvious, and immediate, starting point.

Identifying the particular skills that will be required and then recruiting the personnel to meet those needs will take time – and it is ALC's view that the unit needs to be in place and functional ahead of the release of the National Strategy in the first half of 2019.

Accordingly, some of the funding appropriated in the 2018-19 Commonwealth Budget to support the implementation of the National Strategy should be directed towards the immediate establishment of this unit.

This will allow the recruitment of appropriate personnel and for necessary preparatory work to be undertaken, so that no time is lost in the implementation of the National Strategy once it is publicly released.

**Recommendation 1:** That the Commonwealth Government immediately establish a dedicated Freight and Supply Chain Unit within the Department of Infrastructure, Regional Development and Cities.





## 2. IMMEDIATELY REVIEW ROUTE APPROVAL PROCESSES

Australia is a geographically large country, with an economy that relies heavily on our capacity to export goods efficiently. Moreover, the decline of the local manufacturing sector over recent years means we are also increasingly reliant on the swift transport of imported goods from our ports to consumers and businesses.

Yet, there are many aspects of the regulatory framework around our freight networks which have not kept pace with this shifting reality, and the rules around route approval for over size and over mass (OSOM) vehicles are one obvious example.

OSOM vehicles are commonplace in some of Australia's most important export industries, including the mining/resources and agricultural sectors, as well as in construction. Significant delays to the movement of goods and equipment in these sectors have a deleterious impact on Australia's overall economic performance.

The arrangements currently in place require the National Heavy Vehicle Regulator (NHVR) to negotiate with over 400 different road asset managers nationally, including local governments which, because of limited resources, may not be well-placed to make decisions expeditiously.

This is creating a situation where some businesses are waiting in excess of 100, 150 and sometimes even 200 days for approvals to move goods and equipment. Worse still, operators are expected to obtain new approvals every time they wish to move the same load, on the same OSOM vehicle, along the same route, from the same origin to the same destination.

Plainly, the existing regulatory arrangements are not sustainable in a dynamic and competitive global economy. A consistent, national approach with a streamlined approval process for obtaining route approvals is in the interests of all industry participants. During ALC Forum 2018, several delegates spoke of the need for local governments to be better educated about the safety profile and fuel efficiency of high productivity vehicles and factor those into access decisions, instead of merely focusing on their size.

Although it is certainly one element of the solution, better education will not in itself overcome the frustration experienced by operators who continually come up against an inconsistent national approach to OSOM route approvals.

There are sections of the industry where more efficient access arrangements for OSOM vehicles have been facilitated. For example, within parts of the Port Botany precinct in NSW, blanket approvals are permanently in place for Level 2 Performance Based Standards (PBS) vehicles with a gross vehicle mass of up to 109 tonnes. Permits are applied for on an annual basis, rather than for every individual movement.

Encouraging this sort of efficiency and consistency on a national basis should be a priority in the development of an effective National Strategy.

This is an area where the Commonwealth can provide leadership. Consistent with Recommendations 1.5 and 4.9 of the Inquiry Report, the Federal Government should move to establish a route approval process for heavy vehicles (including OSOM vehicles), with the aim of reducing the approval period to 24 hours on key freight routes.

As a first step in achieving this outcome, the Commonwealth should immediately commission an independent review of the rules around OSOM vehicle movements, and identify opportunities to streamline the approvals system.

This review should be completed by May 2019, so that its recommendations can be actioned as part of the implementation of the National Freight and Supply Chain Strategy.

**Recommendation 2:** That the Commonwealth Government immediately commission an independent review of the rules around over size and over mass (OSOM) vehicle movements, to report by May 2019, identifying opportunities to streamline route approvals and establish national consistency.

### 3. MODERNISE AIR FREIGHT NOISE REGULATIONS

Although air freight has not historically played a significant role in the management of Australia's freight task, there is reason to anticipate growth in the years immediately ahead.

This will be particularly influenced by Australia's conclusion of free trade agreements with key Asian markets, where the growth of the middle class is engendering enormous demand for the sort of prime-quality agricultural products for which Australia is renowned.

For perishable food products, where freshness is a core issue from a marketing and customer satisfaction perspective, air freight is an essential means of getting export goods to market, and allows Australian producers to remain competitive with those in other export trade markets.

Of course, the growth of e-Commerce over recent years also means inbound air freight is an increasing factor in Australia's freight networks, as domestic consumers source goods online directly from overseas retailers and peer-to-peer commerce platforms.

Air freight also plays the important role of providing vital medical resources to regional and rural Australia.

Yet, as is the case with other modes of freight transport, some of the regulations governing the movement of freight aircraft have not kept pace with the evolution of technology and changing patterns of consumer behaviour.

As was explained during ALC Forum 2018, airport noise curfews are a continuing barrier to efficient freight movement. By way of example, Forum delegates were informed that Sydney Airport carries 50% of international air freight into Australia, most of which comes in the cargo hold of commercial passenger aircraft. This means that the curfew on Sydney Airport has a direct bearing on efficient freight movement.

Similarly, Section 13 of the *Sydney Airport Curfew Act 1995* only permits (effectively) BAe-146 aircraft to operate during curfew periods.

The irony is that in the 23 years that have elapsed since the passage of that legislation, a number of aircraft have come onto the market with a significantly better noise profile than the BAe-146. Yet, because these lower-noise aircraft are not prescribed in the Act, they are not permitted to operate during curfew periods.

The Commonwealth Government could immediately address this regulatory encumbrance by amending legislative instruments that govern airport curfews, such that operations during curfew periods are permitted by any low-noise, dedicated freight aircraft that meet an agreed noise profile (rather than prescribing particular aircraft types within regulations).

This move would be consistent with Recommendation 1.6 of the Inquiry Report, which notes that regulations should be more "outcomes focussed".

**Recommendation 3:** The Commonwealth Government should immediately review and amend regulations that prescribe specific freight aircraft types that may operate during curfew periods, and instead permit the operation of any aircraft that meets an agreed noise standard.

## 4. BOOST DATA GATHERING CAPABILITY AND ENHANCE DATA QUALITY

One of the most surprising (and consistent) themes to emerge from the *Inquiry into National Freight and Supply Chain Priorities* has been the absence of meaningful data about the performance of Australia's supply chains.

As was explained by members of the Inquiry's Expert Panel during their presentation to ALC Forum 2018, this lack of data makes it almost impossible to gauge Australia's performance on supply chain efficiency compared with our competitors.

The business adage 'what is measured can be managed' holds true for supply chains, and an effective National Strategy must identify practical ways to incentivise and facilitate the use of data to enhance supply chain performance.

However, there is an even more immediate challenge in relation to data, which was a core focus during the inaugural ALC Supply Chain Technology Summit, held in May 2018.

Discussions among industry participants at the Summit showed a widespread consensus that the quality of available data is just as vital as the quantity of data – and many believe the quality of data presently available is "abysmal".

Technology's ability to enhance supply chain efficiency and safety relies on data feeds. To employ computer programming parlance, if you put 'rubbish in', you get 'rubbish out' – and governments and industry participants alike need to urgently prioritise enhancing the quality and reliability of data if we wish to unlock technology's potential.

Equally, it is important to encourage consistent data standards, so that data being harvested can be used across all freight modes and by all relevant stakeholders to measure performance and guide more effective infrastructure investment decisions.

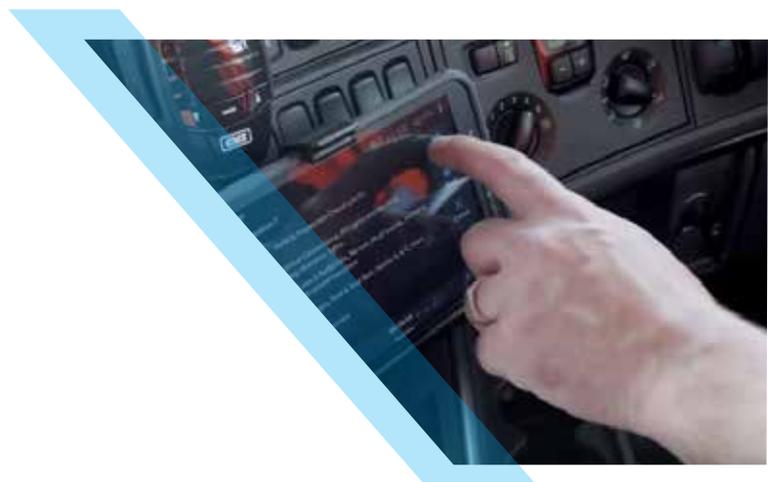
Given the widespread industry agreement that data is 'the new oil', and that enhanced supply chain performance will depend heavily on technology,

improving the quantity, quality and consistency of data pertaining to our supply chains must be an immediate priority.

ALC has already recommended the establishment of a dedicated Freight and Supply Chain Unit within DIRDC. That Unit should immediately be tasked with establishing a data gathering and performance review mechanism that measures and reports the performance of key freight routes and interfaces at freight terminals, as set out in Recommendation 2.1 of the Inquiry Report.

Establishing data-gathering processes which have the imprimatur of the Commonwealth will send a clear signal to all industry participants about the importance of the issue. Similarly, public reporting of performance will provide an incentive to ensure the data provided is accurate and of a high standard, enhancing the quality of the data pool.

**Recommendation 4:** The dedicated Freight and Supply Chain Unit within DIRDC be immediately tasked with establishing a data gathering and performance review mechanism that measures and reports the performance of key freight routes and interfaces at freight terminals.





## 5. ESTABLISH A TRANSPORT SATELLITE ACCOUNT

The Inquiry Report reflects another consistent discussion theme during ALC Forum 2018; the need for the freight logistics sector to strengthen its ‘social licence’.

Although industry participants understand the centrality of the freight logistics sector to Australia’s economic success, that understanding is not necessarily shared by other decision-makers or the public at large.

If freight movement is going to be accorded the priority it needs and deserves in national policy-making, then a great deal more must be done to build community recognition of the importance of supply chain efficiency in day-to-day life.

Many participants at ALC Forum expressed frustration with the fact that, generally speaking, consumers do not make the connection between the trucks they see on the road and the goods they buy off the shelves. There is a continuing clash between residential and freight interests - and residential interests generally win out, because that’s where the votes are.

The lack of data about supply chain performance referred to elsewhere in this document also contributes to this lack of general awareness.

It is difficult for industry to make the case to governments for reform and investment when there is a paucity of information about the overall economic contribution the sector makes.

This, in turn, makes it difficult for governments to invest political capital in supporting policy changes that can enhance supply chain efficiency and safety. Understandably, political representatives need to be able to demonstrate the consequences and benefits of policy action (or inaction) – and this requires an empirical basis.

To help build this evidence base, ALC recommended to the Inquiry that the Australian Bureau of Statistics (ABS) should be provided with the resources required to establish a transport satellite account within its national accounts.

This would permit the measurement and reporting of the value of freight transport to the economy through key national accounts metrics, including information regarding the industry’s size, its contribution to GDP and the number of persons it employs.

This initiative was adopted by the Inquiry Report, in Recommendation 2.4.

Having such information reported consistently and reliably by a respected institution such as the ABS would not only help the industry enhance its social licence, but would also help political representatives make the case to their respective constituencies about the value and importance of supply chain efficiency to the economy.

The reporting of key metrics will also be essential to measuring the growth of the industry, and ergo, the success of the National Freight and Supply Chain Strategy.

ALC welcomes advice contained in the Commonwealth’s *National Infrastructure Data Collection and Dissemination Plan* that the ABS has been undertaking preparatory work on such an initiative since January 2018.<sup>1</sup>

As such, the Commonwealth Government should use some of the Budget funds appropriated for implementation of the Strategy to ensure the ABS is sufficiently resourced to complete the establishment of a transport satellite account.

**Recommendation 5:** That the Commonwealth Government allocate a portion of the monies appropriated in the 2018/19 Commonwealth Budget to assist the implementation of the National Freight and Supply Chain Strategy to the ABS, to complete the establishment of a transport satellite account.

<sup>1</sup> *National Infrastructure Data Collection and Dissemination Plan*, Department of Infrastructure, Regional Development and Cities, June 2018 (p. 20)

## 6. LEVERAGE EXISTING POLICY MECHANISMS TO REFORM PLANNING

Leveraging existing policy levers will be an essential aspect of the National Strategy's implementation.

ALC has previously noted instances where the Commonwealth has demonstrated its willingness to use funding initiatives to achieve an inter-jurisdictional policy outcome, without the need for formal intergovernmental agreements.

For example, the 2017-18 Commonwealth Budget 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, among other things, planning reforms.

ALC believes that now is the time for similar financial incentives to be offered to state and local governments to preserve transport corridors and protect employment lands from the impact of urban encroachment.

Action in this area remains a key priority for the freight logistics industry, as evidenced by numerous contributions to discussions at ALC Forum 2018. During a panel discussion of planning issues, it was observed that local governments actually get a better financial return from employment land than they do from residential zones (which have to be serviced at great expense).

The economic argument for the protection of transport corridors and employment lands is clearly a strong one – but at present, no one is making the political case for a more balanced approach to planning and development.

Recommendations 3.4 and 3.9 of the Inquiry Report specifically reference the need to guard against the impact of urban encroachment by ensuring all tiers of government integrate land use planning protections for freight-related activities, and that land planning documents specifically reference freight and identify its requirements.

Obviously, the full realisation of this outcome will depend upon negotiations with each jurisdiction. However, in the more immediate term, there is still an opportunity for the Commonwealth to play a leadership role.

Initiatives such as City Deals equip the Commonwealth Government with the capacity to incentivise good practice by tying investment to the achievement of particular policy reforms.

Infrastructure Australia recently released *Making Reform Happen: Using incentives to drive a new era of infrastructure reform*.<sup>2</sup> This report recommends pursuing an incentive-driven approach as the most effective way to achieve enduring reform on complex matters including planning reforms, corridor protection and ensuring operational flexibility for key freight infrastructure.

Similarly, the Inquiry Report notes that the Commonwealth Government should:

*“...drive the proposed priority actions by linking all new infrastructure funding and agreements, like the National Partnership Agreement on Land Transport Infrastructure, to achieving freight outcomes in planning and decision making at all levels of government.”<sup>3</sup>*

In order to facilitate the planning consistency necessary to enhance supply chain efficiency and safety, ALC has developed a set of *National Planning Principles* (see page 11)

To encourage adoption of these principles nationwide, the Commonwealth should incorporate them into all agreements pertaining to infrastructure funding, and reward jurisdictions which fully implement them through financial incentives (similar to those previously offered under National Competition Policy).

**Recommendation 6:** That the Commonwealth Government incorporates ALC's *National Planning Principles* into all agreements with other jurisdictions pertaining to infrastructure funding, and incentivises their adoption by making reward payments upon implementation.

2 <http://infrastructure.org.au/wp-content/uploads/2018/04/Fixing-Freight-Establishing-Freight-Performance-Australia-1.pdf>

3 *Inquiry into National Freight and Supply Chain Priorities – Report, March 2018* (p. 9)

# ALC NATIONAL PLANNING PRINCIPLES

- 1** All planning instruments must recognise that planning for transport and logistics (including ensuring the continued efficient operation of existing ports and other freight and logistics infrastructure) is an urban priority. This means that caps, curfews and other restrictions on how infrastructure (particularly ports and airports) are operated and used, must be avoided.
- 2** Compromised planning outcomes between industrial and residential uses fails both industry and residents. Planning instruments must incorporate sustainable land use planning solutions that allows industry to operate and expand in order to increase economic activity and jobs near where people live. Planning instruments should therefore contain land use compatibility features including:
  - a. land separation between residential and industrial lands; and
  - b. retention and protection of industrial and employment lands that are suitable in size for freight and logistics purposes.
- 3** Planning instruments must ensure that industrial lands and transport corridors are capable of operation 24 hours a day, seven days a week. State and territory governments must ensure planning instruments provide for mitigation measures when sensitive use developments (e.g. residential) are located close to freight infrastructure.
- 4** Planning instruments must identify a clear linkage of road and/ or rail infrastructure between employment lands and other clearly identifiable freight generation points, as well as other significant transport infrastructure such as ports, airports and intermodals.
- 5** Governments must establish effective corridor protection mechanisms to ensure timely preservation of surface, subterranean and air corridors and strategic sites for future infrastructure priorities.



## 7. ENHANCE NATIONAL FREIGHT RAIL CAPACITY

It is widely acknowledged throughout the freight logistics industry that improving freight rail connections to Australian ports is an urgent requirement.

As an export-dependent economy, Australia's international competitiveness relies on producers being able to get their goods to port, efficiently and safely. Yet over recent years, our increasing freight task and rapidly rising population have conspired to make this more difficult.

Road congestion is an increasingly significant problem, particularly in major urban centres where Australia's busiest ports are located.

As attendees at ALC Forum 2018 were told, there are now 850,000 truck trips a year from ports to south-west Sydney – which amounts to 3500 trucks a day on the M5. If those movements continue to grow to the point where it is 1 million truck movements per year, it will undoubtedly impinge on the industry's social licence.

Then there is the question of congestion in and around ports themselves. This places pressure on the efficiency of landside operations as truck queuing times increase, and the imposition of heavy vehicle curfews by state local government authorities make accessing ports a more complex and convoluted exercise.

Increasing rail's share of the freight task can help to alleviate some of these pressures, by making it easier for exporters to get their goods to port, and by transporting freight to and from ports via short haul rail to inland intermodal terminals.

The Commonwealth Government has already begun to encourage this shift through a number of significant recent investments, including the construction of the Inland Rail from the Port of Melbourne to the Port of Brisbane, funding the duplication of the freight rail line at Port Botany, and providing funding support to encourage the development of the Port Rail Shuttle at the Port of Melbourne.

However, greater levels of investment in freight rail will be needed to ensure that Australia's freight networks are not overcome by continued road congestion as the nation's major cities continue to grow.

Recommendation 4.3 of the Inquiry Report specifically identifies the need to enhance efficient rail connections to major ports.

The Federal Government currently maintains a \$10 billion *National Rail Program*, which is presently directed towards enhancing passenger rail networks in major urban areas – thereby reducing road congestion.

ALC believes that freight rail projects – which can also deliver substantial benefits in terms of reduced road congestion and more efficient passenger rail – should also be eligible for funding through the *National Rail Program*.

This could include funding for rail infrastructure to separate passenger and freight rail lines, or to support the development of rail shuttle services between ports and inland intermodal terminals.

The proposed Western Sydney Freight Line and the proposed Outer Sydney Orbital are examples of the type of projects that should be eligible for funding through the *National Rail Program* – as both will remove freight from Sydney's congested rail networks and permit greater capacity for passenger services.

**Recommendation 7:** Freight rail projects which also deliver substantial benefits for passenger rail and reduction of congestion should be eligible to receive funding support through the Commonwealth's *National Rail Program*.



## 8. DEVELOP A 'SINGLE WINDOW' FOR AUSTRALIAN PORTS

As is widely acknowledged, the movement of freight is a complex business that involves not merely the physical exchange of goods, but also information about those goods, between several parties.

During the ALC Supply Chain Technology Summit, participants heard that it is possible for one operator to have up to four screens in front of them to track the movements of a single container.

It is also possible for a single container number to be fed into computer systems up to 30 times as the container moves through the freight chain, to satisfy the various requirements of customers, port operators, quarantine, customs operations and other parties involved in a shipment.

This obviously has implications for the efficiency of port operations – particularly in circumstances where the information is still being exchanged via paper-based systems, rather than electronic mechanisms. Indeed, Australia currently ranks in 95<sup>th</sup> place on The World Bank's 'Trading across border's' index, behind countries such as Rwanda and Nicaragua.<sup>4</sup>

Manual entry of data also elevates the risk of errors that compromise the quality of information about supply chain performance.

Many maritime industry participants are enthusiastic about developing a 'single window' system, akin to the European Port Community System, for operation in the Australian market.

The value of such an initiative is reflected in Recommendation 4.11 of the Inquiry Report, as a means of reducing the regulatory burden in the context of customs and quarantine processes.

Indeed, some Australian port operators are already at the forefront of industry-led efforts to develop and implement a 'single window' for international trade, which would utilise standardised trade and transport information, and ensure the use of consistent documentation by all parties.

For example, NSW Ports is currently leading the development of a 'single widow' system capable of being deployed for use in ports operated by APEC member countries. This would facilitate greater cross-jurisdictional supply chain efficiency among major trading partners, which would also engender benefits for Australia's domestic producers.

Similarly, the Port of Brisbane, in conjunction with the Australian Chamber of Commerce and Industry and PricewaterhouseCoopers has developed a prototype 'Trade Community System'. The Trade Community System is designed to provide end-to-end supply chain visibility via a blockchain network.

For example, by using this system, an importer could see that their shipment has been delayed due to inclement weather. The system also provides the opportunity to streamline data entry on forms required.

In the interests of enhanced supply chain visibility and speeding up the administrative arrangements around the import and export of goods, the Commonwealth Government should engage with port operators and other relevant parties to identify opportunities to digitise processes which are still paper-based.

**Recommendation 8:** That the Commonwealth Government engage with port operators and supply chain participants to identify areas where government mandated documentation related to the import and export of goods can be digitised and streamlined.

4 See [www.doingbusiness.org/data/exploretopics/trading-across-borders](http://www.doingbusiness.org/data/exploretopics/trading-across-borders)

## 9. PROMOTE NATIONALLY CONSISTENT REGULATION

Perhaps more than any other issue, the plethora of regulations that variously overlap with, contradict, undermine or crash into each other are the biggest frustration of freight logistics operators – particularly those which operate across more than one state or territory.

As was observed during ALC Forum 2018, there is enormous disparity in Australia between the movement of freight and the movement of people.

Australia has 15,900 kilometres of state borders, excluding coastlines. Every year, people cross these borders millions of times unimpeded. There are no barriers, no paperwork and no uniformed officers checking IDs - and there have not been any for more than 100 years.

This has proved fundamental to the economic development of Australia and the prosperity of its people.

When it comes to freight movement however, the experience is somewhat different. Any truck or train carrying freight which crosses anywhere along those 15,900 kilometres finds itself immediately subject to a different regulatory regime.

In the heavy vehicle sector alone:

- » We have a Heavy Vehicle National Law (HVNL) which still does not operate nationally;
- » The definition of what constitutes a 'heavy vehicle' still differs from state-to state;
- » There are inconsistencies between jurisdictions in the rules surrounding the carriage of dangerous goods;
- » Heavy vehicles travelling across state borders have to stop and manually change the signage affixed to them in order to comply with different regulatory regimes; and
- » The maximum number of hours for which a heavy vehicle driver may drive varies between jurisdictions.

This list is by no mean exhaustive – and nor is the problem of inconsistency confined to heavy vehicles.

ALC has long-advocated the introduction of nationally-consistent safety regulations for the heavy vehicle sector, particularly in relation to the compulsory use of telematics equipment in heavy vehicles, and the implementation of National Operating Standards.

The benefits of implementing these measures were set out in ALC's April 2018 Position Paper, *Improving Heavy Vehicle Safety the Australian Way*.

ALC believes both measures are necessary not merely from a safety perspective, but also from a productivity standpoint.

Recommendation 1.4 of the Inquiry Report suggests bringing forward the proposed 2019 Productivity Commission review of road and rail operating frameworks to this year, with "a focus on productivity, harmonisation of standards, safety and regulation".<sup>5</sup>

ALC endorses this as an action the Commonwealth Government can immediately pursue. Further, the Government should specifically request that the Productivity Commission examine mandatory telematics and National Operating Standards as part of this review.

It should also be emphasised that government measures to achieve regulatory consistency should be funded from existing revenue streams, and not through the imposition of additional charges upon the industry.

**Recommendation 9:** That the Commonwealth Government immediately requests the Productivity Commission review of rail and road operating standards be brought forward to 2018, and further requests that mandatory use of telematics and National Operating Standards be examined as part of this review.

<sup>5</sup> Inquiry into National Freight and Supply Chain Priorities – Report, March 2018 (p. 9)



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