



Speech for Don Telford, Chairman, ALC

ALC Forum

13 March 2013

Thanks Terry for that overview on your Government's actions to improve freight efficiency in the state.

As Terry alluded, Melbourne is a critical link in the supply chain. In many ways it is Australia's logistics capital – from Australia's largest to small logistics companies – many have headquarters or operations over the Westgate Bridge.

Melbourne is home to Australia's largest container port; is Australia's manufacturing base and is the gateway to Victoria's vibrant agricultural industry. Your government is clearly committed to improving productivity, efficiency and safety in the logistics industry.

Projects like the East West Link, the Western Interstate Freight Terminal and the M80 Upgrade will assist productivity.

I note the Victorian Government's intention to prepare a Melbourne Metropolitan planning strategy as well as a state freight strategy.

These papers must complement one another and be brought together so there is a single document that will guide the infrastructure decisions of both government and industry over a 40 year period.

ALC will continue to engage with the Victorian Government on these issues and be an active participant in the debate.

Today we are meeting in Melbourne's magnificent MCG, and perhaps we can take some inspiration from that.

The MCG is a good example, in microcosm, of the task of the Australian Logistics Industry and its members.

The MCG's success has come through meeting people's needs by constant attention to productivity, efficiency and safety, It has been flexible and innovative in gaining government, industry and partnership support. But the lesson to be learnt by the Australian logistics industry from the MCG is that it must be CONSTANT attention.

The role of ALC is unique in Australia given we are the organisation representing many of Australia's largest logistics companies with a focus on the supply chain.

The voice of ALC is important and will continue to be:

- Saying what needs to be said
- Saying it when and where it needs to be said.

As Minister Mulder indicated, there is a significant amount of activity occurring in Melbourne and it's appropriate we are gathering here this week to discuss many of the key issues in our industry.

A quick scan of the program highlights issues such as:

- **The role of Information & Communications Technology to Increase Productivity in the Australian Logistics Industry.**
- ***Logistics in the resources industry***
- ***Improving Productivity at our Australian Ports and Intermodal Terminals***
- ***Logistics Infrastructure Driving Productivity***
- ***Defence logistics***
- ***Chain of Responsibility and Safety in the Logistics Supply Chain***

Of course two not-to-be-missed events will be the presentation by Bernard Salt and the subsequent discussion with many of our CEO's and senior executives.

I'm looking forward to two days of robust discussion, debate and no doubt disagreement about the direction and future of the freight logistics industry.

This is what the Forum is all about, and I encourage you to have your say and to make your views known.

As you all know, Australia will be having an election on 14 September and the voice of the industry needs to be heard and acted upon. You can be sure ALC will be there

strongly advocating the views of industry to all governments at the national, state and local level.

I'd like to kick this off now and discuss what has been achieved in the 12 months since the last Forum, and also to look forward at our priorities over the year ahead.

The theme of the 2013 Forum is **Productivity, Efficiency and Safety**.

These three issues have dominated ALC's focus over the 12 months, and will continue to do so in 2013.

It has been a mixed year. There has been good progress in some areas, little progress in other areas, but undoubtedly there is much more to be done.

Some major pieces of legislation have gone through the parliament, including the road safety remuneration tribunal, the shipping reforms and the national transport regulators for rail and marine safety, as well as heavy vehicles.

On the national transport laws, I would like to recognise Minister Anthony Albanese and ALC Deputy Chair Andrew Ethell who have both played an integral role getting the Heavy Vehicle National Law to where it is today.

Andrew, and ALC, have worked hard to get the detail right on the bill that passed the Queensland parliament last month.

ALC will continue to push for a truly national transport system to unlock the \$30 billion worth of benefits under this reform.

There are still some important details to finalise to ensure we have in place a truly national system by 1 July 2013.

While the regulators have opened their doors, the journey has really only just begun and we must continue to push for seamless regulatory arrangements in Australia.

On the infrastructure side, some major projects have commenced, are nearing finalisation, or are about to commence.

Both Port Botany and Port of Melbourne are planning significant works, and we are starting to see movement on intermodal facilities in both major cities.

But like the transport laws, there is much more to be done, and ALC is pushing both political parties to commit serious funds to nation building to boost productivity and freight efficiency. Unfortunately, freight does not vote. Our industry needs the sort of robust advocacy provided by the ALC if we are to unlock the benefits from streamlined regulatory arrangements and a better infrastructure effort.

Some solid long term planning on improving supply chain efficiency has also been released in the last year.

For example, the National Ports Strategy has been released, and the National Land Freight Strategy is close to being finalised. ALC provided significant input to both.

But the past 12 months have not been without their challenges.

The nation has experienced a number of significant natural disasters which have had a considerable impact on our sector, particularly along the east coast and northern Australia. The disruption and impact, of course, would have been less if earlier investment in infrastructure had been more transport links less flood-prone.

The transport sector has also borne the brunt of increased industrial disputation which affects not only our own industry, but the broader economy as well.

Nationally, in the 12 months to September 2012, there were 221 industrial disputes, 24 more than in the previous year. Days lost rose to more **three hundred thousand** from **two hundred and fifteen thousand** the previous year.

This is worrying, particularly as productivity in the transport sector has effectively stalled in recent years.

There has been a recent proposal for the Productivity Commission to review the operation of the Fair Work Act, but for any action to be delayed until 2016.

A review is needed to ensure the Act operates in a manner that maximises the efficiency and productivity of the Australian economy while preserving the rights of employees. It is important however that any improvements to Australia's IR laws recommended by the Productivity Commission are enacted as soon as possible.

The economy cannot wait for action to be taken at some indefinite time in the future. Often, even very large companies are constrained from advocating for IR reform

because they have their own negotiating to do as employers. This is why it is important for an industry body, like ALC, which is not a negotiating employer, be a strong advocate for changes to increase efficiency.

In all of ALC's advocacy activities, we will focus on the key issue of productivity, efficiency and safety.

I'd like to discuss some of the issues ALC will be focussed on over the next year, and what we aim to achieve.

ALC will continue to judge policies put forward by both political parties against four major principles. Whether the policy will:

- **enhance** productivity growth;
- **encourage** infrastructure development;
- **reduce** the red tape that adds to compliance costs and hampers innovation; and
- **support** agenda nationally consistent approach to the range of laws and regulations governing this industry.

ALC will continue to focus on the three critical issues of infrastructure, regulation and safety.

Let's take infrastructure first.

Disagreements between the Commonwealth and the states are not new, but in the past few years we have seen an increased level of gridlock between both levels of government – especially in the area of infrastructure investment.

The long running saga of a second Sydney airport is a disgrace. Sydney Airport will always be Australia's principal aviation hub and making the best use of space available at Kingsford Smith is essential. But a second airport reduce congestion and add price competition into the Sydney Air Freight market which would flow to small business and consumers. The evidence is there and the land identified and reserved. NSW and the Commonwealth should get on with it.

The delays and bickering over funding for the construction of major motorways in our cities and highway duplications across the country causes unnecessary costs, delays and, indeed, human suffering through increase traffic accidents.

ALC is therefore concerned at the prospect of another dispute looming on the horizon in relation to the Nation Building 2 program.

The Commonwealth has indicated that under Nation Building 2, which begins in 2014-2015, it will be seeking 50-50 funding arrangements with the states. Under the present Nation Building 1 the split is 80-20.

ALC calls on the Federal Government to maintain the 80-20 split. Otherwise, overall public-sector spending on infrastructure will inevitably fall because of pressure on State budgets.

On this point, ALC will also continue to encourage governments to recognise the benefits of obtaining private sector investment in nationally significant infrastructure.

We would also like to see the government establish special tax provisions to improve certainty for private sector investment in nationally significant projects.

In the area of regulation, ALC will continue to push for all proposed new laws to be subject to greater levels of scrutiny so the costs are clear for all to see.

Unnecessary regulation is like adding a couple of bricks to a hiker's knapsack. For instance, last year, the Government changed the single-voyage-permit system for shipping. Australia went from having one of the world's more liberal cabotage regimes to one of the most restrictive – one that reduces competition in the Australian domestic sea freight market with inevitable higher prices for small business and consumers.

If you wouldn't put bricks in a hiker's knapsack, why do it for any other form of transport. ALC will be pointing out the costs of unnecessary regulation with vigour. We will be asking governments of both persuasions to cut the red tape that affects

the productivity of the freight transport and logistics sector.

ALC will also advocate for a review of the Road Safety Remuneration Act.

Our concern here stems from the potential of the Tribunal straying into areas that puts it in conflict with the Heavy Vehicle National Law and workplace health and safety legislation.

The way in which the heavy vehicle industry is charged for road use is also undergoing some change.

We'll discuss this issue in more depth during today's infrastructure session, but needless to say ALC will advocate that proposed measures improve efficiency, not inhibit it.

Finally to safety.

ALC will continue to expand the National Logistics Safety Code.

This year we added a new code for the coal seam gas industry under the National Logistics Safety Code, and I understand representatives from the CSG sector are here today - welcome.

We aim to build on that over the next 12 months and broaden the coverage of the National Logistics Safety Code.

ALC will also work to have the National Logistics Safety Code registered under the Heavy Vehicle National Law when it comes into effect nationally later this year.

ALC supports a national approach to chain of responsibility, as it will assist industry players discharge their CoR responsibilities when they control or influence the national movement of freight.

Conclusion

Ladies and gentlemen, it is clear that there has been good progress in some areas to improve productivity, efficiency and safety in the freight logistics industry.

Equally clear is that there is still much to be done.

But we cannot, and will not, expect governments alone to fix the issues we identify over these next two days.

Whilst there is a clear role for government to boost productivity, efficiency and safety in the sector, industry has a critical role.

All governments are looking to ALC and its members to work with them and develop constructive proposals to improve supply chain efficiency.

It is a challenge ALC relishes, but we need your support, your ideas and your expertise.

That is what makes the ALC Forum such an important event.

I'm pleased you have found time in your busy schedules to join us for these two days of discussion and debate.

I encourage your active contribution, and help us build a stronger, more prosperous industry that will benefit all Australians.

Lastly – I want to thank those companies who have put their own resources into sponsoring the ALC Forum – I know how hard decisions like that can be and you can be assured we will do whatever we can to ensure this is an investment that pays off.

Thank you.