

**Michael Kilgariff, CEO Australian Logistics Council**

**Speech to National Sustainable Food Summit**

**20 March 2013, Melbourne Town Hall**

***Session Topic: Looking ahead: 20-50 year priorities: what actions will prepare us for the longer term horizon?***

Good afternoon ladies and gentlemen, and thank you for the invitation to speak at the National Sustainable Food Summit.

I congratulate the 3 Pillars Network on bringing together industry to discuss how we can implement a positive course of action to ensure Australia enjoys a sustainable and equitable food system.

From my perspective, this discussion obviously needs to also incorporate food logistics and so I thank the summit's organisers for including the Australian Logistics Council in today's session.

It is timely we are having these discussions at this stage of the political cycle.

Earlier this year the Government released its 'Australia in the Asian Century White Paper'.

I note the white paper highlights Asia's growing demand for food. It said and I quote:

*Population and income growth in the region is driving increased demand for food—in quantity, quality and product integrity. The real value of global food demand is expected to rise by around 35 per cent by 2025 from 2007 levels, with most demand coming from Asia. China and India alone could account for almost 60 per cent of the global increase.<sup>1</sup>*

This throws up some significant opportunities and challenges for the sector that I'm sure we will canvas in some details over these two days.

Can I also say it is also appropriate that this particular part of the program is focussed on some of the long term challenges and opportunities facing the sector?

All too often, public debate in this area is characterised by short term thinking, constrained by electoral cycles.

This short term focus fails to take into account the long term needs of our nation, particularly in the area of infrastructure, which I will focus on today.

But first, some background on ALC.

The Australian Logistics Council is the national body representing the major and national companies participating in the freight transport and logistics supply chain industry.

ALC is committed to improving productivity, efficiency and safety in the industry and, through that, creating more efficient supply chains.

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<sup>1</sup> <http://asiancentury.dpmc.gov.au/white-paper/case-study/asias-demand-for-food-is-surgin>

More efficient supply chains are a must when you consider the size of freight task, and the geographical realities Australia's freight logistics industry faces.

As you can see from this graph, the national freight task has grown considerably since the 1970s.

More importantly from ALC's perspective, this trend is expected to continue at a growing rate over the next 40 years.

The national freight task is approximately 400 billion tonne kilometres today, and it is estimated to reach 1000 billion tonne kilometres by 2030 and 1400 billion tonne kilometres by 2050.

To add a few more figures into the equation, Treasury modelling shows Australia's population will hit 35 million by 2050.

This increases the need for smooth and efficient supply chains that connect our sources of wealth with our domestic markets and international gateways.

This population growth will continue to be concentrated along Australia's vast coast line, which again presents challenges for the freight logistics industry.

We all know Australia is big, flat and relatively sparsely populated.

For the freight logistics industry, this means long distances need to be traversed across a multitude of state boundaries and utilising various modes of transport.

It is likely the breakfast you ate this morning would have travelled on both road and rail transport, as it made its way from farmer, to food processor, to food distributor and warehouse, and finally, to your morning café.

It is imperative that these supply chains are as efficient as possible to keep costs down, including for consumers like you.

Congestion, bottlenecks, poorly planned and maintained infrastructure and urban encroachment all impact on the ability of our infrastructure to support an efficient and effective freight future.

These realities underscore the need to ensure appropriate national infrastructure is in place in Australia to:

- Meet Australia's large and growing freight task
- Ensure to ensure freight is moved around the country efficiently and safely
- Enhance our standard of living and to boost national productivity

Last week, 300 leaders from the freight logistics sector gathered in Melbourne for two days to discuss the big issues confronting the sector.

The overwhelming message emanating from the discussions was that we desperately need to get the right infrastructure in the right place at the right time to support our rising freight task and to support continued economic growth.

Just as importantly, this infrastructure needs to be appropriately priced and be underpinned by a national regulatory framework that reduces the compliance costs associated with state based rules and regulations.

I'd like to briefly touch on four critical issues which need greater consideration by governments to ensure Australia has the infrastructure it needs for the next 20 to 50 years and beyond.

These are better infrastructure planning, better project identification and approval, more seamless integration of road and rail and appropriate investment in infrastructure.

**The first critical issue is better planning.**

Some of you may have heard of the COAG Reform Council, which essentially is a body that monitors and reports on the reforms being progressed through the Council of Australian Governments.

One of these reform areas is improving planning in our capital cities.

The Commonwealth requires each capital city to have appropriate plans in place to ensure they are prepared to meet Australia's future freight challenges by providing for nationally significant economic infrastructure

From ALC's perspective, failure to have appropriate plans in place will result in significant economic costs to the nation through:

- reduced industry efficiency and
- a reduced standard of living in our cities from inappropriate development occurring around key infrastructure and freight facilities.

So how well are the jurisdictions doing to plan for the long term?

Not too well I'm afraid.

Here in Melbourne, home to the busiest container port in Australia, the city was found to be only partially consistent with the requirement to provide for nationally significant economic infrastructure.

This includes transport corridors, international gateways, intermodal terminals and land reservation.

Melbourne was not alone being judged only partially consistent with this key criterion, as Sydney was also at the back of the capital city pack.

ALC hopes is looking forward to these and other jurisdictions given this issue more consideration as they develop state based freight strategies over the next 12 months.

**The second critical issue is better project identification and approval.**

Limited public funds need to be targeted at infrastructure projects which are in the national interest and have broad and lasting economic and social benefits.

We simply cannot afford expensive infrastructure projects which grab headlines, but which fail to

prepare Australia for its future challenges, including the sustainable transport of food.

Major infrastructure projects need to pass rigorous cost benefit analyses based upon sound economic principles to ensure they represent value for money and will maximise economic returns.

This is to help ensure an effective framework for decision making by financiers and private/public sector players.

Infrastructure Australia should have its role expanded to provide a greater level of scrutiny to major infrastructure proposals to assess whether they are in the national interest.

Similarly, the states need to adopt the recommendations of the national land freight strategy and the national port strategy, particularly in the area of transport corridor identification and protection.

**The third critical issue is a seamless interface between transport modes.**

A key priority for infrastructure policy and for the competitiveness of Australia's industries must be the development of an integrated freight and logistics network utilising all major transport infrastructure.

This requires effective medium and long term planning aimed at providing supply chains that efficiently move freight across an integrated road, rail, sea and air transport network.

Often, freight consignments use multiple modes of transport if this is the most efficient way for them to be delivered to their final delivery point.

This must also involve the efficient transfer of freight to and from international supply chains.

This reality also underscores the importance of intermodal facilities at appropriately located regions to facilitate the smooth transfer of freight between road and rail.

Those of you from Sydney may be aware of the controversy surrounding the Moorebank Intermodal Terminal in Sydney's west.

On Moorebank, ALC would like to see the entire Moorebank site 'englobed' as a strategic transport hub that uses a whole of precinct approach to maximise the use of such a rare and valuable asset.

The Victorian Government is also exploring the construction of an intermodal terminal in the city's west, and I hope they can take some lessons out of what's gone on at Moorebank.

**The fourth and final critical issue is appropriate investment in infrastructure.**

The Government's White Paper Australia in the Asian Century has correctly identified infrastructure and as one of the important pillars to support productivity growth in Australia and a deeper economic engagement with Asia.

However, there needs to be substance to high level political rhetoric.

The Government has made clear that the ratio of Commonwealth funding for Nation Building 2 Projects will change and that going forward, projects will be funded by the states and the Commonwealth on a 50:50 basis.'

Given the reality of budget pressures on the states, this can only lead to a reduction of overall public sector spending on infrastructure.

ALC is calling on both the government and opposition to maintain the Commonwealth ratio of funding on infrastructure under Nation Building 2 projects as existed under the original Nation Building program.

That said, we recognise that all roads and infrastructure cannot be exclusively funded as a free public good from the Budget.

ALC therefore acknowledges the work being undertaken to encourage private investment in nationally significant infrastructure through special tax incentives.

## **Conclusion**

Ladies and gentlemen, I began by quoting a section of the Asian Century White Paper and I will close by referring to it once again.

The paper said:

*Transport infrastructure is showing signs of strain and that these strains will grow as demand increases. If left unchecked, this will erode productivity, the liveability and competitiveness of Australia's cities, and our capacity to connect with the region<sup>2</sup>*

I could not agree more.

The actions I have outlined today will help Australia better prepare for the challenges confronting us over the next 20 to 50 years.

These four critical areas...

- better infrastructure planning
- better project identification and approval
- a seamless interface between transport modes; and
- appropriate investment in infrastructure

...will provide the foundation for a more prosperous; viable; and sustainable freight logistics sector.

In so doing, it will help prepare Australia for a more sustainable and equitable food system for the next 20 to 50 years and beyond.

Thank you.

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<sup>2</sup> <http://asiancentury.dpmc.gov.au/white-paper/chapter-5/delivering-the-infrastructure>