



**AUSTRALIAN LOGISTICS COUNCIL**

SEPTEMBER 2015

**ALC RESPONSE  
TO THE AUSTRALIAN  
INFRASTRUCTURE AUDIT**



THIS RESPONSE HAS BEEN PREPARED WITH THE  
ASSISTANCE OF KM CORKE AND ASSOCIATES, CANBERRA.

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# RECOMMENDATIONS

## Recommendation 1

Infrastructure Australia should act as the 'auditor' for the review of the National Land Freight Strategy due in 2016.

In particular, it should provide this review with advice on (amongst other things):

- a. how well the National Ports Strategy has been applied by jurisdictions;
- b. progress made with road pricing and infrastructure governance and investment reforms, including heavy vehicle access, pricing and investment trials; and
- c. the desirability of a national body to coordinate and champion infrastructure projects and other policies (particularly planning) that will assist the delivery of Australia's freight task.

## Recommendation 2

Infrastructure Australia should encourage the development of Inland Rail.

## Recommendation 3

ALC members report there is a need for greater separation of passenger and freight movements in the larger metropolitan areas, particularly Sydney, Melbourne and Brisbane. Infrastructure Australia could consider undertaking research into this issue to determine the productivity benefits accruing from greater investment in this area.

## Recommendation 4

Whilst supporting the current Transport and Infrastructure Committee (TIC) work to implement a series of initial investment and access reform measures aimed at increasing transparency and improving the quality of services that road agencies provide to heavy vehicle operators, ALC believes:

- a. Treasury officers should be added to the TIC process as soon as practicable; and
- b. TIC should publish after each meeting the precise progress made in advancing road pricing reform.

If Treasury officers are not part of this process, ALC believes suitable officers of Infrastructure Australia could be seconded to the process.

## Recommendation 5

Ports will not achieve optimum capacity if road connections to the port precincts and supporting port-related facilities (e.g. intermodal terminals) are limited. These routes need to be at a minimum all B-Double approved, and in some instances in and around port precincts, HML Approved for Super B / A Doubles.

Infrastructure Australia could play a role in identifying the routes that should have these approvals, so that road owners can prioritise upgrading these roads so as to improve freight chain productivity.

## Recommendation 6

Infrastructure Australia should support policies and actions for enabling the development of efficient rail freight infrastructure and rail operations between major ports and intermodal terminals and other facilities linked to the port.

Governments should require port owners and operators, including private sector operators, to specify how both rail and road freight infrastructure would be developed and the efficiency of road and rail freight operations to and from the port will be improved.

Following the rapid privatisation of Australia's ports, Infrastructure Australia should also conduct a review to report on Australia's port needs over the next 30 years, to further inform government policy settings and regulation.

This would include considering issues such as port locations, port depths, landside infrastructure developments, rail usage, the role of intermodal terminals as well as the quality of the planning documents to manage the landside interface to the port.

## Recommendation 7

The 'efficient use' of existing and future infrastructure should be defined and measurable as part of the development of the 15 year Australian Infrastructure Plan. Infrastructure which has been constructed and isn't able to operate at its maximise design capacity, due to operational strictions (e.g. no night time operations / use), should not be considered efficient or sustainable for either private or public sector infrastructure providers.

## Recommendation 8

Infrastructure Australia should identify the current technology projects being conducted by the jurisdictions and an analysis performed as to how well these projects actually enhance productivity outcomes, so resources can be dedicated to the more successful projects.

## Recommendation 9

Infrastructure Australia should identify and encourage government policies to enable increased private sector investment in, and management of, freight infrastructure and operations aimed at improving the efficiency and competitiveness of Australia's supply chains. Policy settings need to be informed by the need for funding arrangements that enable private sector operators to earn a commercial rate of return while also contributing to improvements in the efficiency of freight services. A high priority should be given to:

- » Well developed arrangements for facilitating unsolicited or market led proposals from the private sector, including best practice procedures for the consideration of proposals;
- » Enabling innovative public private partnerships for the development and management of infrastructure; and Providing a competition policy and regulatory framework that promotes private sector productivity and investment in freight and logistics infrastructure and operations.

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1 The period fixed by paragraph 11(2)(a).

2 The effect of paragraph 11(2)(b) and subclause 11(5).

## ALC RESPONSE TO THE AUSTRALIAN INFRASTRUCTURE AUDIT

ALC welcomes the opportunity to respond to the Australian Infrastructure Audit (**the Audit**).

### Development of a national transport market

ALC generally agrees with the substance of Audit's observations, which repeats the themes of previous Infrastructure Australia reports, and particularly agrees with the observation that national infrastructure markets must operate to improve investment decisions and give consumers choice.<sup>3</sup>

Australian Governments have previously appeared to have had a greater commitment to adopting processes that advanced a broader national interest, highlighted by the development in 2011 of the National Ports Strategy (**the NPS**).

Some of the elements of the NPS remain relevant.

They include:

- » agreeing the relevant port, landside links nodes and sea channels that should be considered as part of a 'port';
- » improving productivity and prioritising freight on port corridors, through identifying port land corridors for trials;
- » identification of landside access routes of strategic importance to the efficient function of the relevant port and designate these as national port freight corridors;
- » developing planning documentation reflecting the challenges faced by each port and how the capacity to meet the freight task will be safely provided; and
- » assessing how opportunities for real-time technology systems to improve port-related supply chain performance are being applied<sup>4</sup>.

Whilst some jurisdictions have applied the NPS to its planning strategy documents (notably Queensland in its Queensland Ports Strategy) other jurisdictions have not.

The National Land Freight Strategy (**the NLFS**) is said to 'build' on the NPS<sup>5</sup>.

However, ALC has been somewhat disappointed with a document lacking a wholehearted commitment to a national strategy that is accompanied by a less than ambitious workplan.

For instance, as ALC said in its submission to the House of Representatives Transport and Infrastructure Committee Inquiry Into Infrastructure Planning and Procurement:

### The mapping of key freight routes

*Under the NLFS, jurisdictions have agreed that by the end of 2014 they will:*

- » *map the key freight routes connecting the nationally significant places for freight; and*
- » *identify any funding, regulatory or corridor protection measures required for these key freight routes, including mechanisms for protecting freight corridors and precincts for the growing freight task.*

*Freight route maps have been prepared by jurisdictions. **However, ALC understands the maps are only to be treated as being 'practical maps' to enable governments to achieve a better understanding of the freight task rather than a mechanism to deliver funding.***

*ALC believes that if the mapping exercise is to identify 'places for freight' that are 'nationally significant' (including places yet to be developed), they should be regarded as being an important subset of the National Land Transport Network - currently, not all routes are on the Network.*

*Listing on the Network allows the Commonwealth to provide funds under the Infrastructure Investment Programme that is to be administered under the terms of the Land Transport Infrastructure Amendment Bill, which is (at time of writing) before the Senate.*

*This would allow functions such as corridor protection to be funded and would also provide an illustration by the Commonwealth as to the importance it gives the movement of freight.*

<sup>3</sup> Audit Volume 1:4

<sup>4</sup> NPS:19-20

<sup>5</sup> Standing Council on Transport and Infrastructure *National Land Freight Strategy* (2012):3

***That said, ALC understands that different jurisdictions used different criteria when nominating key freight routes. This lessens the utility of the mapping exercise. (emphasis added)***

As the NLFS says:

*This Strategy outlines practical first steps for governments and industry to deliver the desired objectives. It is important that it is supported by immediate action, to deliver tangible results for Australian freight.*

*The Workplan at Appendix A contains a number of short to medium term deliverables under the six issues for action.*

*The Strategy also recognises the importance of tracking and reporting progress. Governments will report annually to SCOTI, with reports to be made public on the SCOTI website, with a major review and update within three years.*

*In consultations on the development of the Strategy, a number of stakeholders suggested new institutional arrangements, including a single body with planning, funding and regulatory responsibilities for progressing the Freight Strategy and the National Ports Strategy. Governments consider it would be premature to establish such a body at this point, but will consider further initiatives in light of progress towards the objectives outlined in this Strategy<sup>6</sup>.*

ALC is one of those stakeholders that believes there is a need for a genuinely national planning body, saying in its response to the NLFS Discussion Paper:

*ALC believes that to maximise the capture of the benefits from the rationalisation of regulations, a single Land Transport Regulator with seamless regulatory arrangements across all modes administering a coherent set of regulations, should be created to oversee the national land freight strategy.*

*This would include the responsibility of ensuring the rigorous analysis of proposed infrastructure investments – broadly, the current role played by Infrastructure Australia.*

*ALC has a vision of what could be called **Freight Australia** - a body with responsibility for:*

- » *ensuring that infrastructure of national significance is identified and properly developed within designated corridors and development sites identified in the planning process;*
- » *objectively analysing total demands on the network and developing a long-term plan to improve performance of whole corridors and the network, taking into account freight and passenger volumes; and*
- » *the subsequent regulation of the modes of land transport carrying freight to port.*

ALC stands by this view.

However, for now, ALC notes the NLFS was formally approved and released by the Standing Council on Transport and Infrastructure (SCOTI) in September 2013, which means the review mentioned in the extract set out above will be due in 2016.

ALC believes that Infrastructure Australia should have a significant role in providing technical advice in this review.

ALC believes that Infrastructure Australia should act as the review's 'auditor'.

In particular, it should provide this review with advice on (amongst other things):

- » *how well the National Ports Strategy has been applied by jurisdictions;*
- » *progress made with road pricing reform and on heavy vehicle access trials<sup>7</sup>; and*
- » *the desirability to coordinate and champion infrastructure projects and other policies that will assist the delivery of Australia's freight task.*

<sup>6</sup> NLFS:53

<sup>7</sup> An issue discussed on page 35 of the Strategy, referring to the now abandoned Heavy Vehicle Charging Initiative (HVCI) programme

## Road Transport

As the Chairman of the ACCC said in a speech on 4 September 2015:

*The second problem is that the road user charges are, to the extent there is a link, such as with heavy vehicles, set based on past road expenditure.*

*Shifting the focus from this historical cost approach to more of a forward-looking approach would allow for more efficient long-term planning for road provision.*

*This can be likened to other infrastructure sectors, such as rail and telecommunications. In these sectors forward-looking long-term plans and forecasts about demand are developed and used to determine economic costs and annual revenue requirements.*

*In short, road plans would more explicitly be based on need and economic value to justify the future level of road user charges.*

*The third problem is providing better signals for road use. Mass distance charging and congestion pricing, for example, would see us making much better use of the roads we have.<sup>8</sup>*

The Audit identifies the developing consensus within the economic policy silos of government that there needs to be road pricing reform.<sup>9</sup> Importantly, this area of reform needs to be taken in conjunction with reforms to the governance of infrastructure investment and planning, with the objective of ensuring that institutions responsible for investment are responsive to the current and future requirements of freight transport. The combination of pricing, governance and investment reforms are necessary to ensure that both road users and managers drive productivity improvements that benefit freight customers.

Recommendation 3 of the Competition Policy Review (the Harper Review) is illustrative.

It read:

*Governments should introduce 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.*

*To avoid imposing higher overall charges on road users, governments should take a cross jurisdictional approach to road pricing. Indirect charges and taxes on road users should be reduced as direct pricing is introduced. Revenue implications for different levels of government should be managed by adjusting Australian Government grants to the States and Territories*

with the Review suggested the following implementation pathway:

*Introducing road pricing to fund road provision is a long-term reform that requires community confidence in the benefits to be gained.*

*Governments should make a long-term commitment to transform the road transport sector to operate more like other infrastructure sectors. Infrastructure providers should bill users directly for usage and base investment decisions on their economic value, supplemented by government CSO payments where necessary.*

*As an initial step, road funds could be set up separately to governments' general budgets to increase transparency around road funding. Fuel taxes and other indirect taxes levied on road users should be hypothecated to these road funds. Over time, as direct road charges increase, these taxes should be reduced. Australian Government grants to the States and Territories should also be adjusted in line with the fall in Australian Government revenue from fuel excise.*

*Within 12 months of agreeing to this recommendation, a working group of Australian*

<sup>8</sup> Rod Sims *Competition Key to Restoring Australia's Productivity* Speech to Infrastructure Partnership Australia speech 4 September 2015: [www.accc.gov.au/speech/competition-key-to-restoring-australia%E2%80%99s-productivity](http://www.accc.gov.au/speech/competition-key-to-restoring-australia%E2%80%99s-productivity)

<sup>9</sup> references

*Government and state and territory transport and treasury officials should be commissioned to develop pilots and trials. This working group will advise governments around: choosing technologies to allow mass time-of-use and location-based charging; creating road funds and directing revenues to these funds; and reforming road authorities to restructure their operations along the lines of other infrastructure network providers<sup>10</sup>*

ALC believes the Harper Review has identified the steps that need to be taken to develop what could be a stable and predictable revenue stream for suitable roads of national significance and presumes that ultimately an approach which uses a form of the ACCC building block pricing model used for the pricing of utilities will apply to (presumably) suitable Key Freight Routes recently mapped by the Commonwealth Department of Infrastructure and Regional Development.<sup>11</sup>

In May 2014 the COAG Transport and Infrastructure Council (**TIC**) agreed to commence work to implement a series of initial investment and access reform measures<sup>12</sup> aimed at increasing transparency and improving the quality of services that road agencies provide to heavy vehicle operators (**the TIC process**).

ALC has traditionally supported this work but believes:

- » Treasury officers should be added to the TIC process as soon as practicable; and
- » TIC should publish after each meeting the precise progress made in advancing road pricing reform.

The addition of Treasury officers will facilitate the development of a suitable road pricing model. If Treasury officers are not part of this process, ALC considers that suitable officers of Infrastructure Australia could be seconded to the process to deal with this key challenge raised in the Audit.

ALC finally welcomes the offer of the South Australian

Government to host trials involving arrangements for the direct charging of heavy vehicles as a practical step to demonstrate how these arrangements can be introduced in cooperation with industry.

### **B triples and A-B triples**

ALC notes the Audit refers to the BITRE comment that moving to B-triples and AB-triple would only produce a minimal productivity improvement<sup>13</sup>.

However, ALC members believe these vehicles should not be discounted from helping to improve heavy vehicle productivity like the introduction of B-doubles and, more recently, the introduction of new trailer technology, including mezzanine trailers.

Therefore, ALC members believe that Infrastructure Australia should in fact champion the use of these vehicles.

This is because even with significant growth in containers moved by rail, trucks will remain the primary means of moving containers to and from Port Botany and the Port of Melbourne,

Managing the growth in truck numbers will be important to limit congestion at Port Botany and impacts on the local community. ALC therefore supports Audit Finding 52, which recognises the need for policy reform to enable higher productivity heavy vehicles to be further utilised to meet the freight task ahead.

ALC finally notes that ports will not achieve optimum capacity if road connections to the port precincts and supporting port-related facilities (e.g. intermodal terminals) are limited.

ALC believes that these routes need to be at a minimum all B-Double approved, and in some instances in and around port precincts, HML Approved for Super B / A Doubles.

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10 Harper Review: 216

11 [www.transportinfrastructurecouncil.gov.au/publications/freight\\_route\\_maps.aspx](http://www.transportinfrastructurecouncil.gov.au/publications/freight_route_maps.aspx) The importance of having the right price mechanism to encourage investment and use in the road is also important - an important point made by the Victorian Auditor-General in its August 2015 report *Applying the High Volume Risk Process to Unsolicited Proposals* - whilst avoiding distortionary impacts see [http://www.audit.vic.gov.au/reports\\_and\\_publications/latest\\_reports/2015-16/20150819-hvhr-process.aspx](http://www.audit.vic.gov.au/reports_and_publications/latest_reports/2015-16/20150819-hvhr-process.aspx)

12 Activities include improved road usage data for demand forecasting, publishing annual heavy vehicle road expenditure plans and investigating practical ways for industry to directly negotiate and pay to improve heavy vehicle access to roads.

13 Audit:95

Infrastructure Australia could play a role in identifying the routes that should have these approvals, so that road owners can prioritise upgrading these roads so as to improve freight chain productivity.

## Rail

### Inland rail

ALC has always believed that an inland rail route is a key piece of infrastructure that would enhance Australia's productivity and efficiency through boosting the rail freight mode share on the North–South corridor, thus freeing up rail capacity in our major cities - particularly in Sydney, which often acts as a bottleneck as passenger trains are afforded priority.

ALC members believe Inland Rail will provide capacity to serve the east coast freight market for the next half century and beyond, providing enduring benefits for decades to come, through:

- » delivering a transit time (of less than 24 hours) for freight between Melbourne and Brisbane that is as competitive as road;
- » linking Victoria and Regional New South Wales with Queensland, making it one of Australia's most important pieces of logistics infrastructure;
- » improving the productivity of freight movements between Queensland and the southern states and Western Australia, ensuring resilience and redundancy for the existing rail network and allow freight travelling from Brisbane to Melbourne to bypass the busy Sydney network;
- » being an important contributor to national productivity by reducing train operating costs and improving service standards. It will also reduce congestion of Australia's national highway system;
- » enhancing the business case for the development of an intermodal terminal of a meaningful scale at Truganinna in Melbourne's west (the Western Intermodal Freight Terminal, or WIFT);
- » promoting economic benefits through the efficient movement of both manufactured and fresh products between some of Australia's largest domestic markets; and
- » freeing up key paths within the Sydney network, which will also allow greater flexibility for not only Port Botany, but movements between Port Kembla and Newcastle.

### NSW

Maximising the transport of containers by rail between Port Botany and Sydney metropolitan intermodal terminals will be essential for cost-effective, efficient and sustainable container distribution throughout Sydney. Significant growth in containers moved by rail will reduce the growth of trucks around Port Botany and will enable the Port to achieve its optimum capacity.

Specific examples of rail infrastructure works required to support Port Botany and/or Port Kembla include:

- » duplicating the Port Botany Freight Rail Line between Port Botany and Mascot and passing loops on the Southern Sydney Freight Line
- » delivering new intermodal terminals with dedicated freight rail connections. Therefore reservation and protection of land and dedicated freight rail corridors should be undertaken now for a future intermodal terminal at Eastern Creek.
- » constructing the Maldon-Dombarton rail line which will assist with solutions for the eventual diversion of freight trains from the Illawarra Line; and
- » upgrading the Moss Vale – Unanderra Line to facilitate longer, heavier and faster trains.

### Separation of freight and passenger movements

ALC members also report that whilst there has been some investment in infrastructure such as the development of the Southern Sydney Freight Line, there is a need for greater separation of passenger and freight movements in the larger metropolitan areas, particularly Sydney (particularly Sydney's Northern and Western lines), Melbourne and Brisbane.

Such separation benefits both freight and urban transport, thus producing two benefit streams for one set of capital costs.

There is scope for Infrastructure Australia to consider undertaking research into this issue to determine the productivity benefits accruing from greater investment in this area.

## Ports

Long term leases are currently being considered for the ports of Melbourne, Fremantle and Darwin.

This is because in some part the budgets of most Australian governments are likely to be in deficit for the foreseeable future, and likely to remain so, with growing demand for recurrent spending on health, education, NDIS etc.

It is therefore necessary to identify alternative funding sources for the roads and infrastructure hitherto regarded as public goods funded from consolidated revenue.

There are a number of ways that governments can raise funds to invest in infrastructure.

They include:

- » government debt;
- » taxes;
- » user charges;
- » producer levies;
- » public-private partnerships and
- » the mechanisms listed throughout Chapter 6 of the Productivity Commission's 2014 report into Public Infrastructure.

However, governments have decided to lease ports under their control (at least in part) to gain access to Commonwealth incentives to 'recycle' assets for reinvestment into new productivity enhancing infrastructure.

ALC considers that when considering 'recycling' a particular asset, parties should consider whether:

- » the proposed sale will promote competition and efficiency; and
- » the asset should be the subject of economic regulation (and how much), so as to permit the efficient use of the asset to the benefit of the Australian community as a whole.

In the case of ports, ALC is somewhat concerned that some sales have been structured to maximise the value the lessee receives for rent paid to the lessee by some landside port users, such as stevedores.

Whilst appropriate for such lessees to operate these assets in a manner that maximises the value of its investment, the overall port needs of the Australian economy may be overlooked.

For instance, as Parsons and Van Duyn indicated in the context of considering the need for a deep water port in Victoria to cater for so-called 'mega vessels':

*The newest Maersk Triple E vessels, with their 18,000 container (TEU) capacity and draft of 14.5 metres, could theoretically enter Port Phillip Heads with tidal assistance if only considering their draft, but this would require significant evaluation. But their length of 400 metres and width of 59 metres would potentially prohibit them from entering the Heads and berthing safely at the Port of Melbourne.*

***The capital city ports of Australia, except the Port of Fremantle, are all privately owned or being proposed for sale and each port owner will separately determine the costs and benefits of increasing water depth sufficiently to accommodate larger vessels.***<sup>14</sup> (Emphasis added)

Given this relatively new and rapid phenomenon, Infrastructure Australia should support policies and actions for enabling the development of efficient rail freight infrastructure and rail operations between major ports and intermodal terminals and other facilities linked to the port.

Governments should require port operators, including private sector operators, to specify how both rail and road freight infrastructure would be developed and the efficiency of road and rail freight operations to and from the port will be improved.

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<sup>14</sup> Victoria University Institute for Supply Chain and Logistics Build it – *but will they come? A pre-mortem analysis of the Port of Hastings Development Project to encourage alternative integrated planning* (2014): 7. The WA Government is now considering the status of the Port of Fremantle.

In addition, there is scope for Infrastructure Australia to conduct a review to establish Australia's port needs over the next 30 years, which would include the volume of freight anticipated and the nature of port facilities needed to deal with the volume.

This would include considering issues such as port locations, port depths, landside infrastructure developments, rail usage, the role of intermodal as well as the quality of the planning documents to manage the landside interface to the port.

This is so long term planning over the period can be made based on the needs of the Australian economy for ports services.

### **Planning – reservations of land precincts for future development**

ALC members confirm the need to protect future (and existing) transport corridors (and buffers) that are likely to see more usage and/or land use changes around them.

For this reason, ALC supports Audit findings 16, 21, 24 and 25.

The impact of land use changes on existing transport corridors has already led to curfews and bans on what were once transport corridors in major cities.

For example, members report that the gentrification of inner areas of Sydney and Melbourne has seen more families move into areas that have historically been used as freight routes (both rail and road).

This has resulted in a number of measures from governments that have led to reduced productivity and efficiency including curfews, bans and changed operations.

Another example is that as freight rail has started increasing operations in our major cities, especially operating at night time. The people who live close to these rail lines are increasingly making noise complaints.

An integrated strategic and statutory planning system which protects and facilitates freight-related infrastructure development and its use is required at all levels of government. The efficient use of existing freight-related infrastructure (roads, rail and pipelines) is being compromised through inappropriate land use planning decisions and / or restrictions imposed on the use of the infrastructure asset to address community concerns.

The 'efficient use' of existing and future infrastructure should be defined and measurable as part of the development of the 15 year Australian Infrastructure Plan. Infrastructure which has been constructed and isn't able to operate at its maximum design capacity, due to operational restrictions (e.g. no night time operations / use), should not be considered efficient or sustainable for either private or public sector infrastructure providers.

Looking to the future, there will be a need for additional intermodal terminals in western Sydney. The Western Sydney Employment Lands are likely to emerge in future decades as the centre of the major freight generating activities in Sydney, particularly with the decision to proceed with a Badgerys Creek airport.

Statutory protection of ports and freight-related infrastructure and corridors is required. Some progress is being made in NSW on future infrastructure corridor preservation (e.g. the Outer Sydney Orbital) however, the focus continues to be on the land required to build the infrastructure.

Both existing and future infrastructure corridors require protection from sensitive uses (e.g. residential, child care centres, hospitals, etc) which have the potential to compromise and restrict the 'full operational capacity' of the infrastructure asset. This requires the identification and statutory protection of the adjoining lands (i.e. the creation of a 'buffer zone' (physical land separation) between the infrastructure asset and sensitive use) in order to maximise the operational use of the infrastructure asset.

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15 See Issue 1: Planning for the Future, NLFS:15-21

To conclude, planning is an important part of the NLFS<sup>15</sup>.

ALC hopes that the review of the NLFS, discussed earlier, seriously considers how well planning instruments are protecting transport corridors and buffers.

## Technology

The Audit discusses the use of real time information systems to increase the efficiency of movements.

As ALC has indicated in its publication *A Smarter Supply Chain Using Information and Communications Strategy* to Increase Productivity in the Australian Transport and Logistics Industry, impartial industry wide ICT solutions for collaborative information sharing enhances the transport and logistics industry's ability to deliver predictable and reliable transactions.

As the Smarter Supply Chain paper said:

*In order to deliver excellent service T&L businesses need to build excellent relationships with their clients, manage complex execution processes, and manage their own assets and people effectively. Despite being world leaders in the 1980s and 1990s Australian T&L companies have failed to secure the productivity improvements that can now be gained using existing technologies — information that exists today is not being leveraged as it might to increase the productivity of T&L companies, their customers and the economy in general.*

*This failure to adapt ignores innovation and new technologies that can deliver significant benefits and customer service improvements, including the latest generation of Logistics Management Systems, Vehicle Tracking and Monitoring, Real-Time Traffic Information, Routing, Freight Matching, and Wireless Communications that can ensure the effective integration of all parts of the supply chain.*

*In fact, the most efficient supply chains worldwide leverage real-time information and ensure real collaboration between partners, whether this is within a closed-loop, across the industry, or indeed across the entire economy. Impartial industry wide Information and Communications Technology (ICT) solutions will enhance the industry's ability to deliver predictable and reliable flows of goods and people.*

ALC is aware of initiatives such as those being conducted under the Cooperative Intelligent Transport Initiative (CITI), will establish a CITS testing area in the Illawarra Region south of Sydney. This will be one of the first large scale test facilities dedicated to heavy vehicles in the world.<sup>16</sup>

There is scope for Infrastructure Australia to identify the current technology projects being conducted by the jurisdictions and an analysis performed as to how well these projects actually enhance productivity outcomes so resources can be dedicated to the more successful projects.

## Enabling private sector investment

The market based incentives of the private sector to drive productivity and improved customer services are well recognised. On 4 September 2015, the Chairman of the ACCC Rod Sims said:

*"Private owners will usually operate assets more efficiently and at lower cost than government owners. It follows that privatisation should benefit the economy"*<sup>17</sup>.

The potential benefits that arise from private ownership also apply to the management of infrastructure by the private sector. Therefore, governments should be willing to develop different models of private sector involvement in the ownership and management of freight transport infrastructure and operations aimed at benefits for freight customers.

<sup>16</sup> <http://roadsafety.transport.nsw.gov.au/research/roadsafetytechnology/cits/citi/index.html>

<sup>17</sup> Rod Sims *Competition Key to Restoring Australia's Productivity* Speech to Infrastructure Partnership Australia speech 4 September 2015: [www.accc.gov.au/speech/competition-key-to-restoring-australia%E2%80%99s-productivity](http://www.accc.gov.au/speech/competition-key-to-restoring-australia%E2%80%99s-productivity)



Infrastructure Australia has already made an important contribution to facilitation private sector investment in and management of infrastructure. It is important that Infrastructure Australia continues to identify and encourage government policies to enable increased private sector investment in, and management of, freight infrastructure and operations aimed at improving the efficiency and competitiveness of Australia's supply chains. Policy settings need to be informed by the need for funding arrangements that enable private sector operators to earn a commercial rate of return while also contributing to improvements in the efficiency of freight services. A high priority should be given to:

- » Well-developed arrangements for facilitating unsolicited or market led proposals from the private sector, including best practice procedures for the consideration of proposals;
- » Enabling innovative public private partnerships for the development and management of infrastructure; and
- » Providing a competition policy and regulatory framework that promotes private sector productivity and investment in freight and logistics infrastructure and operations.

**Australian Logistics Council**  
**September 2015**

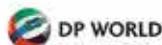


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