



## ***Driving Future Fleet Management Conference***

### ***Speech by Michael Kilgariff, ALC Managing Director***

Good morning ladies and gentlemen.

It is a pleasure to be here today to talk about driving the economy through improved heavy vehicle efficiency & safety

Improving the efficiency of our fleets is a vital component of this.

Harnessing the power of new technologies to boost productivity is one of ALC's key policy priorities.

Technology touches all parts of the supply chain, and it continues to advance at an extraordinary rate.

Autonomous vehicles, new safety technologies and GPS advances are just some of the developments we are progressing as an industry.

In particular, the technologies used in our members' fleets, including mobile technologies, real-time route planning and intelligent handling solutions, enable them to deliver services in a safe and efficient manner.

This underscores why technology is one of ALC's five policy pillars as we recognise the role it plays in a modern, efficient and safe logistics industry.

Research undertaken by ALC has found a 1% improvement in the efficiency of the sector would generate \$2 billion of gains to the economy each year

Enhanced technologies, including those driving the efficiency of our fleets, will play a key role in achieving this economic dividend.

By way of background, ALC represents the major Australian logistics customers, providers, infrastructure owners and suppliers.

We lead the national debate on the steps needed to boost supply chain efficiency and safety.

We are a multi-modal organisation that represents not just the heavy vehicle sector, but also rail, sea air and intermodals.

Improving supply chain efficiency extends, of course, beyond utilising modern technologies to make our Prime Movers more efficient.

The vehicles which transport freight around Australia are but one part of Australia's supply chains.

The supply chain comprises vendors, producers, warehouses, distribution centres and retailers.

In that sense, ALC's whole of supply chain focus is one which facilitates more efficient freight movements across the supply chain

We act as a facilitator to allow different parts of the chain to work together on shared initiatives.

For example, the ALC Technology Committee is spearheading the development of a common labelling framework for packages travelling down the supply chain.

Within the industry, it is well recognised that there is a lack of harmony when it comes to logistics and transport labels.

This inconsistency significantly hinders systems interoperability and visibility across multi-modal or multi-carrier supply chains

This leads to unnecessary and additional costs and time delays.

To address this, GS1 and ALC have developed a common framework for freight labelling.

GS1 Australia is the only authorised source for GS1 barcode numbers and standards.

A common labelling framework enables consignors and consignees to speak the same language when packages come into, or leave, their possession.

From a consumer's perspective, this may mean the difference between receiving a package a day after it was ordered online, or, waiting a week for it to be located in a warehouse because its label could not be read properly.

Another technology ALC is pushing for to increase the efficient movement of freight is the use of information data capturing systems in heavy vehicles.

Otherwise known as telematics, this technology monitors, tracks and records the vehicle's movements.

Businesses which currently deploy data recording equipment have greater visibility across their fleets.

Data recording equipment capturing safety information such as speed, fatigue and engine on/off data is becoming more advanced and easy to use.

For example, MTData's new product Talon comes in the form of a tablet, which integrates with its web-based software to enable fleet managers to access and review all fleet data in one place.

Talon supports fatigue management, where drivers are visually and audibly prompted to take a break and the duration required displayed on the screen.

Businesses which use telematics also have a better understanding of where Chain of Responsibility breaches are occurring.

Chain of Responsibility effectively means everyone in the supply chain being legally responsible for breaches of the Heavy Vehicle National Law.

Under Chain of Responsibility, if you control or influence the movement of freight, you are part of the supply chain and therefore have a responsibility to ensure the Heavy Vehicle National Law is complied with.

Telematics enable companies to take positive actions to protect their staff, their fleets and the travelling public.

The data captured by these devices relating to speed and fatigue offences can also be used by both businesses and enforcement agencies.

The use of technologies such as this is growing but far from universal. To maximise its benefits, it needs to be mandatory, it needs to be nationally consistent and it needs to be utilised properly.

ALC is lobbying for telematics to be mandatory to meet their legal obligations in the monitoring of speed, fatigue and other Chain of Responsibility requirements.

Telematics devices will also play an important role in the future as the heavy vehicle fleet move to more cost reflective pricing.

There is a growing consensus that the infrastructure funding system in Australia requires a major overhaul.

ALC supports reform that improves long term funding sustainability of key freight routes in a transparent and equitable manner.

Currently, funds raised through registration and fuel excise are smeared across the network, and not returned to the key freight routes carrying high levels of traffic.

A system where funds are arbitrarily applied across the system, with no real linkage to where the freight has come from, or is going to, is one requiring reform.

Nor is it a system that supports improved productivity levels in the industry.

Industry's support for this reform will hinge on the extent to which it supports supply chain efficiency and reliability.

It is critical, however, that funds collected are invested in the infrastructure used by the vehicle.

In other words, the revenue follows the freight, and not lost to consolidated revenue.

ALC has long argued that funds from heavy vehicles should be hypothecated for investment in productivity enhancing infrastructure.

With a study by the National Transport Commission this month showing the national freight task will increase by 26 percent over the next decade, all policy proposals to improve the long term efficiency of the freight logistics network need to be on the table

Heavy vehicle pricing reform was one of the key recommendations contained in Infrastructure Australia's 15-year Infrastructure Plan released earlier this year.

So too was the development of a National Freight and Supply Chain Strategy.

ALC is strongly of the view that a National Freight and Supply Chain Strategy is needed to help get the supply chain right.

'Getting the Supply Chain Right' was the name of our election priorities document, and the title of a short video I'd like to play for you now.

It features eight senior executives\* of Australia's leading logistics companies talking about the steps needed to get the Supply Chain Right.

[Play video](#)

As you heard in the video, now is the time to get the supply chain right, and central to this is the development of a national freight and supply chain strategy.

The development of an overarching national Freight and Supply Chain Strategy is needed to drive improved decision making across all levels of government, and to provide industry with the confidence it needs to make long term investment decisions.

*\* Ian Murray AM, Chairman, Australian Logistics Council*

*Maurice James, Managing Director, Qube Holdings Ltd*

*John West, Managing Director, DGL (Aust) Pty Ltd*

*Marika Calfas, Chief Executive Officer, NSW Ports*

*Alison Webster, Executive Manager, Qantas Freight*

*David Irwin, Chief Executive Officer, Pacific National*

*Craig Partridge, General Manager, Logistics Operations, Woolworths*

*John Fullerton, Chief Executive Officer, Australian Rail Track Corporation (ARTC)*

It is critical to addressing inefficiencies in our national supply chains which adds to costs for consumers and potentially affects the liveability of our cities.

ALC believes the strategy should build on the Port and Land Freight strategies which were developed under former Minister for Infrastructure and Transport, Anthony Albanese, and which established a solid foundation for future work in this area.

The Strategy needs to clearly spell out who is responsible for implementing various parts of the strategy.

The development of the National Freight and Supply Chain Strategy should be viewed as the next step of the economic reform agenda and in the same way as the white papers that have transformed many other sectors of the economy.

In many ways, the logistics industry is 20 or 30 years behind other sectors, such as the energy sector, which underwent challenging but necessary microeconomic reforms in the 90s.

Specifically, the Strategy should:

- map nationally significant supply chains and their access to supporting infrastructure and gateways;
- evaluate the adequacy of the institutional framework supporting freight networks and recommend reforms and investments that will move the efficient movement of freight;
- facilitate the mapping of nationally significant supply chains and their connections across ports, airports, roads, rail and coastal shipping;
- identify the key bodies overseeing their efficient operation; and
- recommend a series of reforms and investments to enable the more efficient movement of freight.

A fundamental element of the Strategy needs to be concrete steps to improve corridor protection.

We need a more integrated approach to freight and urban planning to guard against inappropriate development around logistics facilities.

All too often we see instances in our major cities where infrastructure cannot operate at peak efficiency because of urban encroachment.

Or, cases where inappropriate development has led to governments needing to take more costly infrastructure decisions, such as tunneling.

A National Corridor Protection Strategy that protects both existing and future freight corridors and precincts would help to help address this significant urban problem.

Allow me to give you an example of freight precinct protection in practice.

Here in Sydney, trade at Port Botany is expected to increase dramatically over the coming decades.

The Port predicts containers could more than triple from 2.3 million twenty foot equivalent unit (TEU) in 2015 to 8.4 million TEU by 2045.

In 2015, 1,100 vessels called at Port Botany. This is expected to increase to 1,700 vessels by 2045.

As Port Botany continues to grow, a sufficient supply of appropriately zoned employment lands in the vicinity of the port must be maintained or created.

But there are growing concerns that there is a lack of suitability located and unconstrained employment and industrial lands in proximity to Port Botany.

This land is needed to cater for the forecast trade demands of NSW.

This includes larger parcels of industrial lands which are currently being subdivided into smaller allotments.

Industrially zoned employment lands in the vicinity of the port have already been lost and much of what remains is increasingly at risk of being rezoned.

Furthermore, traditional industrial uses cannot afford to pay the land rents paid by non-traditional industrial uses.

With houses come conflicts in terms of noise and access, which compromises the efficiency of the supply chain.

Port Botany, like all ports around Australia, needs appropriate protection of industrial lands for port uses, including the establishment of buffer zones around remaining industrial lands.

ALC looks forward to the National Freight and Supply Chain Strategy addressing this growing issue.

Ladies and gentlemen, I trust I've demonstrated that there is much happening in the freight logistics sector at both the federal and state levels.

These and other measures I've outlined today reflect industry's commitment to improve efficiency and safety across the entire supply chain.

Without an efficient and effective supply chain, all those things people take for granted every day will be less available, and when it is, it will be more costly.

Efficient, safe and reliable fleet management practices are fundamental to achieving this objective and so it has been a pleasure to share with you my thoughts on this important issue today.

Thank you.