

OPINION PIECE

Trade Deals Fill Only Half The Need As Supply Chain Lags

The Asian Century is well and truly upon us, with data showing that Asian economies will be larger than the rest of the world combined and home to half of the world's middle class by next year.

Successive Australian governments have recognised the opportunity that comes with our proximity to Asia and our unique capacity to fuel and feed the growing prosperity of our near neighbours. Our need to boost exports and take advantage of this increasing demand has been behind the present government's aggressive pursuit of free trade agreements with key regional trading partners including South Korea, Japan, China and Indonesia over recent years.

This is good policy. Rising incomes among the rapidly growing ranks of the middle class in all these nations are fuelling lucrative new markets for Australian goods and services — particularly in the agricultural sector.

Of course, trade agreements are equally positive for consumers in Australia, as some of our key imports including items such as petroleum, furniture, wood and footwear no longer have tariffs applied to them, meaning lower prices for households and businesses.

Yet, the mere act of signing an agreement is no guarantee of an outcome. Intentions must be supported with policy actions. If the critical freight infrastructure servicing Australia's supply chains is not operating at optimal levels of efficiency and safety, then the productivity and competitive advantages offered by free-trade agreements will be muted.

It is a characteristic of many of Australia's major ports that they are located in proximity to our major cities. The increasing desirability of inner-city living — which is partly a function of Australia's decline in manufacturing and economic reorientation as a services-based economy — is having a profound impact on the ability of freight logistics professionals to meet business and consumer expectations around delivery of goods.

Restrictive practices such as noise curfews and heavy-vehicle bans on certain routes may seem appealing as a quick fix when it comes to addressing concerns of inner-urban residents. However, ultimately denying freight logistics operators the flexibility they need to do their jobs effectively harms productivity, and means consumers pay more for goods.

In the same vein, prioritising residential developments over logistics lands when it comes to land-use planning will ultimately hamper our economic performance. Placing large-scale residential developments in proximity to ports gives rise to externalities such as road congestion that reduce community amenity and add to consumer costs.

So, what can be done to address these issues? Although planning policy is primarily a matter for state and local governments, our supply chains do not stop at state borders. A consistent nationwide approach to planning and prioritising freight movement is urgently needed — and demands leadership at the national level.

Given the crucial role that Australia's ports play in facilitating the import of goods relied upon by all Australian households and businesses and the export of goods to Asian markets, it is entirely fitting that the federal government incentivises planning practices and the development of infrastructure that ensures Australia's port precincts are accessible, efficient and safe.

This may include rewarding jurisdictions that can demonstrate a coherent approach to corridor protection, do not impose curfews on port operations, take action to address road congestion in port precincts through increased use of short-haul rail, or provide dedicated infrastructure that facilitates heavy vehicle access to ports.

Similarly, the federal government can support greater productivity in our supply chains by capturing and analysing data that identifies pinch-points in the freight network and helps target infrastructure investment more effectively. The establishment of a National Freight Data Hub, as announced in the federal budget, is a positive step in this regard.

Our ports are the pulse points for Australia's entire supply chain, underpinning the nation's continued economic health.

Kirk Coningham is CEO of the Australian Logistics Council

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Contact Simon Morgan on 0403 477 131 / simon.morgan@austlogistics.com.au