AUSTRALIAN LOGISTICS COUNCIL
SUPPLY CHAIN EFFICIENCY AND SAFETY

23 September 2019

Committee Secretary
Joint Standing Committee on Trade and Investment Growth
PO Box 6021
Parliament House
Canberra ACT 2600

Attention: Inquiry into Supporting Australia's Exports and Attracting Investment

The Australian Logistics Council **(ALC)** welcomes the opportunity to participate in the Joint Standing Committee on Trade Investment and Growth's inquiry into supporting Australia's exports and attracting investment.

By way of background, ALC is the peak national body representing major national companies participating in the freight logistics industry. Our focus is on enhancing national supply chain efficiency and safety, to support greater national productivity and enhance Australia's international competitiveness.

The viability and strength of Australia's export capacity is inextricably linked to the efficiency of supply chains across the country.

As overseas demand for Australian exports increases, the national freight task also grows. The 2019 Infrastructure Australia Infrastructure Audit noted that in the 10 years to 2016, our domestic freight task grew by 50%.

Whilst a common approach when inquiring into Australia's export capacity is to focus on movements from domestic ports to international markets, it is equally important to understand the significant impact domestic freight movements have on the costs and timeframes of moving goods from the point of production to ports of export.

The rise of e-Commerce also presents a new opportunity for small and medium business to directly market goods to international consumers. However, Australia's freight network is under pressure from inadequate infrastructure investment, rising levels of congestion and the consequences of decades-worth of poor planning. These factors all hamper Australia's ability to support our growing and emerging export industries as they seek new customers internationally.

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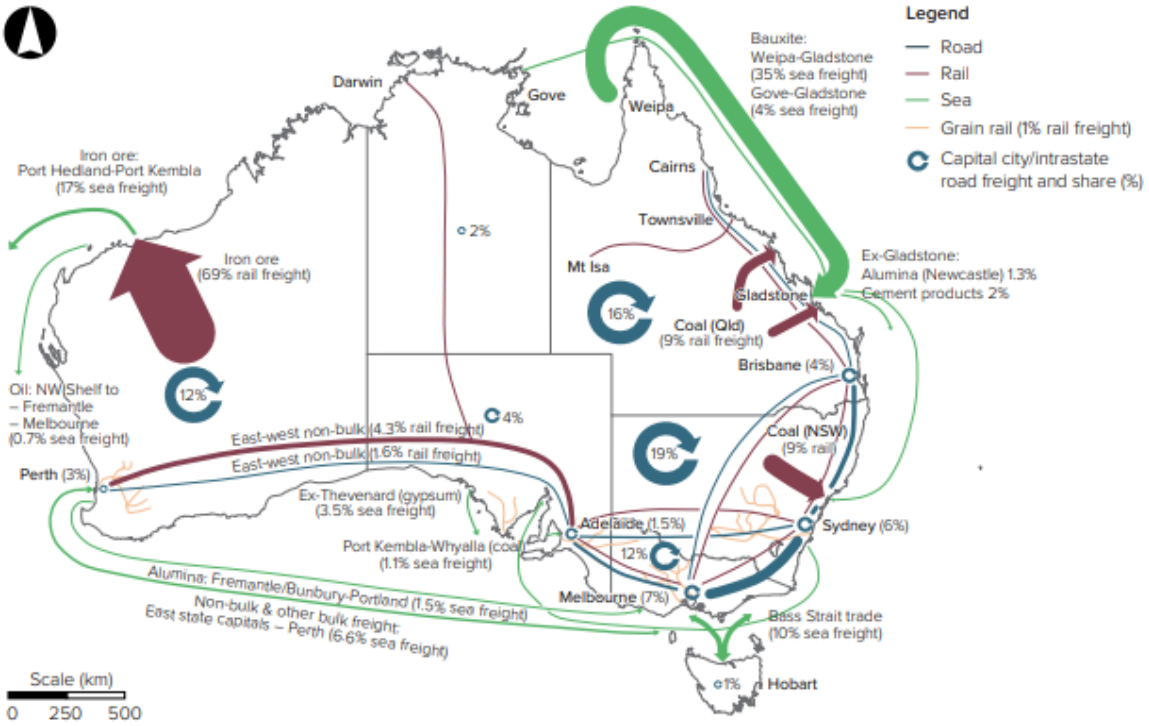

Source: Bureau of Infrastructure, Transport and Regional Economics (2019)[274]

This is not a niche issue. The freight industry is central to the day-to-day activities of every Australian, every business and every community. Improving on the performance of Australia's supply chain is essential to meeting the growing demand for freight, driven by increasing demand for Australian exports globally.

Australia's agriculture, non-bulk and urban supply chains face challenges related to inconsistent regulation between jurisdictions and levels government. Restrictive practices such as curfews and heavy vehicle bans on certain routes deny freight logistics professionals the operational flexibility they need to do their jobs effectively.

This submission will address the policy challenges that ALC believes are restricting the ability of the logistics industry to move goods and support Australia's export capacity.

Freight on Australia's Roads

Australia's road freight task continues to grow every year. From 2012-13 to 2016-17 the Total Tonne Kilometres (tkm) for road freight increased by 3.5% year on year. For 2016-17 the Bureau of Infrastructure, Transport and Regional Economics (BITRE) estimated the total road freight at approximately 228 billion tkm.

The National Freight and Supply Chain Strategy Action Plan commits to ensuring that domestic and international supply chains are services by resilient and efficient key freight corridor, precincts and assets.[1]

To support this aim, it is vital that the Commonwealth prioritises investment into the projects outlined in the table below, identified by Infrastructure Australia in the 2019 Infrastructure Priority List as critical to the freight and logistics sector.

Project	State/Territory	Objective
Regional Road Network Safety Improvements	National	To recognise the need to continue identifying, assessing and prioritising high-risk sections of regional roads across Australia.
Moorebank Intermodal Terminal Road Connections Upgrade	New South Wales	To increase network efficiency and improve road access for freight vehicles to the Moorebank Intermodal Terminal.
Newell Highway Upgrade	New South Wales	To improve several sections of the highway to support safe HPV access, and improve safety and reliability.
Bruce Highway Upgrade	Queensland	To improve capacity, flood resilience and safety of the Bruce Highway through road upgrades.
Adelaide North-South Road Corridor Capacity	South Australia	To enhance road capacity and improve traffic flows with installation of ITS – improving the flow of freight to and from Adelaide Airport and the Port of Adelaide precincts.
Burnie to Hobart Freight Corridor improvements	Tasmania	To enhance capacity of Tasmania's inland freight corridor though duplications and other enhancements to current road and freight rail infrastructure.
Connecting Eastern Freeway to CityLink	Victoria	To complement the North East Link (being constructed) and reduce a significant traffic congestion issue in Melbourne's existing freight network.
Mitchell & Kwinana Freeway Improvements	Western Australia	To enhance capacity of major north-south freight route in Perth and improve congestion by installing ITS technology to manage traffic flows.

Importance of High Productivity Vehicles

High Productivity Vehicles (HPVs) are truck and trailer combinations that permit a greater payload than traditional freight vehicles, allowing more freight to be transported. They assist in improving delivery times and reducing road congestion. The uptake of HPVs across Australia's heavy vehicle fleets is critical to increasing the productivity of the industry. However, HPVs must be supported by infrastructure upgrades across the road network.

Additionally, there is reluctance in some sections of the community to facilitate the use of HPVs use on Australian roads. There is an erroneous conclusion being drawn due to their size that HPVs pose a greater safety risk. In fact, due to their modern safety equipment, they are among the safest vehicles on the road.

[1] National Freight and Supply Chain Strategy, National Action Plan, p.6

Prior to the 2019 Federal Election, ALC recommended that the Commonwealth Government establish a High Productivity Vehicle Infrastructure and Education Fund.

This fund would allow local governments and/or road managers to apply for funding to upgrade infrastructure or commence community education campaigns to facilitate the movement of high productivity vehicles across key freight routes. A prominent example is allowing A-doubles to run between Melbourne and Toowoomba.

The Future of Freight – Telematics and Data

The National Freight and Supply Chain Strategy stresses the need for improved freight data collection, sharing and analysis practices to enable industry and government freight sector participants to make better informed operational, planning and investment decisions.

ALC believes that data will shape the future of the freight transport industry. A common concern expressed by many freight logistics industry leaders is the lack of meaningful data about the performance of Australia's supply chains. This lack of data is concerning as it makes it difficult for governments to prioritise investments and accurately measure the impact of new policies or infrastructure investments.

ALC members have cooperated with the Bureau of Infrastructure, Transport and Regional Economics (**BITRE)** since 2016 to develop experimental indicators for;

- Congested freight-significant network locations;
- Average travel speed of freight vehicles;
- Routes taken by freight vehicles;
- Origin and destination of freight vehicle movements; and
- Freight vehicle stop locations and durations.

Benefits to the collection of such data include the ability to identify congested networks, key freight routes and average travel speed and travel times on key routes.

ALC has constantly advocated for amendments to the Heavy Vehicle National Law (**HVNL)** to ensure that heavy vehicles carry telematic equipment capable of recording safety and other data.

ALC also supports the Commonwealth's intention to design a National Freight Data Hub which will include arrangements for data collection, protection, dissemination and hosting, and the continuation of the freight data exchange pilot to allow real-time access to freight data.

ALC also notes the Department of Home Affairs has begun to develop a 'single digital window' through which all of Australia's international trade would flow.

The development of such window would create a secure digital interface between government and industry, and provide a single data touch point for Australian businesses to meet all international trade regulatory demands.

Regrettably,, progress on this initiative to date has been slow, will no real advancement having occurred since its announcement. ALC believes that the development of the single digital window should be a priority for the Commonwealth.

Taxing Freight Consumers

The 2018-10 Commonwealth Budget provided for a Biosecurity Imports Levy **(the Levy)** to be collected from 1 July 2019. This measure was announced without prior notice to industry.

ALC supports a robust and best practice biosecurity system, however the Levy as currently proposed is not based on risk and funds raised have no association with the cost of mitigating that risk. Concerns regarding the Levy in its current form include, but are not exclusive to:

- A lack of policy rationale for the Levy;
- The fact that the Levy differs from that proposed by the *Craik Review*[2]*'*
- The amount proposed to be collected is far in excess of the amount necessary to manage the biosecurity risks inherent in running sea cargo operations in Australia; and
- Revenue raised by the Levy is returned into Consolidated Revenue, rather than exclusively biosecurity measures.

ALC welcomed the Federal Government's release of an industry-led report[3] (**the Report)** on the proposed Biosecurity Imports Levy, and believes that the Government must now work cooperatively with industry on any revised proposal.

The report made clear that the Levy in its current form was poorly designed and not based in full and proper consideration of biosecurity risks. There was also no guarantee that revenue raised would be used to enhance biosecurity measures.

ALC supports the reports recommendation to re-design the levy in collaboration with industry and subject to a Regulation Impact Statement (**RIS)**. ALC also supports the recommendation to establish a high-level Biosecurity Advisory Council as this will ensure that Government will benefit from industry's expertise in regard to biosecurity measures and funding.

[2] Craik, Wendy, Palmer, David and Sheldrake, Richard, *Priorities for Australia's biosecurity system – An independent review of the capacity of the National Biosecurity system and its underpinning intergovernmental agreement* (2017), 120-121.
[3] Biosecurity Imports Levy: A Way Forward, *Report to the Minister for Agriculture by the Biosecurity Levy Steering Committee*, 2019

Construction of Inland Rail and Development of the National Rail Plan

ALC supports the Commonwealth Government's committed to building Inland Rail. This project will be crucial to enhancing national supply chain efficiency and boosting Australia's export capacity.

However, ALC believes that to for Inland Rail to realise the full national supply chain benefits of its construction, it is crucial that the route is extended from Acacia Ridge to the Port of Brisbane. This link would improve the efficiency of freight delivery, with goods destined for the port not having to be loaded from rail onto trucks, or onto shuttle rail (such as on the Beenleigh and Cleveland lines) at Acacia Ridge.

Work must now be undertaken to identify and preserve the corridor for a dedicated freight rail link between Acacia Ridge and the Port.

It is clear that rail presents an efficient and important mode of freight transport across Australia, allowing for the safe and quick transport of bulk freight to and from ports with rail links, and other intermodals.

During 2015, the Australian Government published a *Draft Freight Rail Policy Objectives Discussion Paper.* The Paper contained a recommendation that any national reform work focussed on freight rail prioritise:

- Harmonisation of all aspects of rail safety laws between states; and
- Where economic benefits exist, moving towards a single set of laws across jurisdictions government environmental regulation, workplace health and safety, workers' compensation and drug and alcohol testing.

The benefits of modal shift from road to rail not only include reduction of congestion on Australia's roads, but also would result in wider productivity and environmental benefits for the community.

Some jurisdictions have already recognised this by providing incentives that directly encourage operators to move freight onto rail.

Examples include the Mode Shift Incentive Scheme (MSIS) operating in Victoria, and the Container Rail Subsidy paid by the Western Australian Government in increase the proportion of container freight on rail moving in and out of Fremantle Port. ALC has also had discussions with the NSW Government about the desirability of adopting a similar scheme.

A national rail vision and work program has been developed with the ultimate view of developing a National Rail Plan. ALC is disappointed by the lack of progress in this project to

Conclusion

The initiatives and issues raised in this submission are crucial to enhancing and ensuring the ongoing success of Australia's export capability. As mentioned, the importance of efficient

and safe freight movement is central to ensuring the continued growth of Australia's exports and maintaining our international competitiveness.

Again, ALC is grateful for the opportunity to provide a submission to the Joint Standing Committee on Trade and Investment Growth's inquiry into Supporting Australia's exports and attracting investment, and would be happy to further discuss any aspect of this submission with the Committee.

Should you require additional information, I may be contacted at Kirk.Coningham@austlogistics.com.au.

Yours sincerely,

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