



# ALC Submission to Independent Review of Infrastructure Australia

Friday 12 August 2022

## *Introduction*

The Australian Logistics Council (**ALC**) welcomes the opportunity to make this brief submission to the independent review of Infrastructure Australia (**IA**).

ALC is the peak national body representing major companies participating in the freight logistics industry. ALC's policy focus is on delivering enhanced supply chain efficiency and safety.

ALC has had a long relationship with Infrastructure Australia, working closely with IA to bring the National Freight and Supply Chain Strategy (**NFSCS**) to fruition and advancing the development of the National Urban Freight Planning Principles (**NUFPP**).<sup>1</sup>

ALC is of the view that the significant level of investment in infrastructure made by the Australian Government necessitates a body such as IA to provide specialist advice. This is critically important, and indeed appropriate, for major infrastructure and projects of national significance, to ensure that the returns to the taxpayer on investments made are maximised, with the proposed \$250 million threshold for IA involvement in an investment decision appearing appropriate.

Ultimately, the logistics sector is the user and/or operator of key Australian Government infrastructure investment. Given this, the IA Board should also have the highest quality membership drawn from both the public sector and across industry, so advice that is given is of the highest level, yet practical.

## *Planning*

Australia is a single national economy.

It is thus appropriate for IA to take a whole of economy view and lead the other jurisdictionally based infrastructure advisory bodies to develop a coherent infrastructure pipeline for the entire nation.

This is because, as IA says, Infrastructure Priority List intends to be a 'credible pipeline of unfunded nationally significant proposals'.<sup>2</sup>

The realities of workforce and resource constraints, as identified in IA's most recent *Infrastructure Market Capacity Report*<sup>3</sup>, also means infrastructure needs to be rolled out in a coordinated manner. Greater coherence between the jurisdictional infrastructure advisory bodies would help to facilitate this.

This greater coordination could very well form the basis of a national investment plan.

ALC members have also said they require a degree of certainty when making long-term investment decisions worth many millions of dollars.

Unfortunately, IA has not been successful in integrating government planning and investment decisions.

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<sup>1</sup> <https://www.freightaustralia.gov.au/>

<sup>2</sup> <https://www.infrastructureaustralia.gov.au/infrastructure-priority-list>

<sup>3</sup> <https://www.infrastructureaustralia.gov.au/publications/2021-infrastructure-market-capacity-report>

The NFSCS commits jurisdictions to implement infrastructure commitments in implementation plans<sup>4</sup>. Progress is reported on annually.<sup>5</sup>

ALC has remarked that implementation has been very slow.<sup>6</sup> Furthermore, it is critical that government policies and strategies complement and enhance the objectives of the NFSCS.

As emphasised at the 2022 ALC Forum, it is important that investment decisions are made through the prism of implementing the NFSCS, given that many (although not all) of the infrastructure investments are on the Infrastructure Priority List.

Another important element of the NFSCS is the National Urban Freight Planning Principles, designed to guide land use decision-making across all levels of government. The NUFPP seek to improve planning for freight in Australia's metropolitan areas, which will service much of the future growth in Australia's national freight task.<sup>7</sup>

Again, jurisdictional implementation of the NUFPP has been haphazard. ALC members and stakeholders across the supply chain consistently raise concern at the broken approach by state and local governments, where the primacy of decision making around transport and land use planning remains.

IA has noted that rapidly changing land use and development can place pressure on industry and urban transport networks. The increasing density of people living in our largest cities places pressure on legacy networks, while greenfield development requires new infrastructure and services. Failure to coordinate land use and transport planning can contribute to congestion and crowding in some areas, lack of room for adequate growth or a lack of adequate services in others.<sup>8</sup>

IA can take a stronger lead role in promoting the adoption of the principles by other levels of government, through assessing projects against the NUFPP. IA should embed the NUFPP into IA's assessment process to ensure any infrastructure investment takes into consideration the needs of freight. This would include linking infrastructure investment to land usage, such as industrial lands on city fringes, around freight hubs and ports - which are desperately needed for freight logistics purposes. In assessing infrastructure, IA should incorporate how a proponent and/or project has planned to *"...support the efficiency, effectiveness and competitiveness of the freight and supply chains in a way vital to our urban areas."*<sup>9</sup>

Research by CBRE found that based on demand forecasting in the uptake of e-commerce, an additional 350,000sqm of new freight logistics space will need to be developed each year<sup>10</sup>. Development would include traditional warehousing, last mile freight delivery hubs and facilities to support retail and parcel lockers / pickup points.

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<sup>4</sup> <https://www.freightaustralia.gov.au/what-are-we-doing/implementation-plans>

<sup>5</sup> <https://www.freightaustralia.gov.au/annual-report>

<sup>6</sup> <https://www.thedcn.com.au/news/law-regulation-trade/scorecard-showes-national-freight-and-supply-chain-implementation-progress/>

<sup>7</sup> <https://www.freightaustralia.gov.au/what-are-we-doing/urban-freight-planning-principles>

<sup>8</sup> Australian Infrastructure Audit, Challenge 39, Australian Infrastructure Audit 2019: 363, <https://www.infrastructureaustralia.gov.au/sites/default/files/2019-08/Australian%20Infrastructure%20Audit%202019%20-%205b.%20Freight%20Transport.pdf>

<sup>9</sup> Department of Infrastructure, Transport,

<sup>9</sup> <https://www.freightaustralia.gov.au/what-are-we-doing/urban-freight-planning-principles>

<sup>10</sup> <https://7bc40775.flowpaper.com/CBREMarketOutlook2021INDUSTRIALLOGISTICS/#page=1>



### *The appropriate role and structure of IA*

This means the appropriate role for IA would be to act as a body that would:

- provide appropriate cost benefit analysis on the viability of infrastructure investments at first instance; and then
- assess how well the jurisdictions have implemented the NFSCS, with any failure in honouring commitments dealt with through the reduction of transfer payments from the Australian Government to the States and Territories<sup>11</sup>, in much the same way as the National Competition Council advised the Commonwealth when making competition payments under national competition policy<sup>12</sup>.

We note the Government is adopting this approach in its National Rail Procurement and Manufacturing Strategy<sup>13</sup>.

IA would therefore be something like the Productivity Commission: a specialist adviser on infrastructure investments.

However, care should be taken to ensure that IA is not spread too thin through conferring too many functions on the agency. Any further expansion of IA's role should be adequately resourced to prevent unnecessary delays in assessing and providing advice.

The reality is that from year to year, the appropriations and staffing establishments provided to IA has varied, and with it the ability to produce the reports and advice expected of it.

That means as important as issues such decarbonisation, energy transition and the social infrastructure development are, the advancement of these issues are probably best left to specialist agencies and Departments of State.

### *Cities Policy*

As an example, the proposed City and Suburbs Unit appears to play a role similar in nature to that played by the unit in the Department of Infrastructure and Transport (as it was then called) which produced *Our Cities, Our Future: A National Urban Policy for a Productive, Sustainable and Liveable Future* (2011).<sup>14</sup>

It may be better for the Australian Government to build its town planning capacity within the Department and to permit IA to concentrate on assessing infrastructure projects referred to it as and when required.

ALC notes the incoming Government's intention to adopt six priorities for Australian cities, to be delivered through the CSU, within IA. These priorities, are listed below:

1. *Transform City Deals into genuine City Partnerships – promoting genuine collaboration between the three levels of government, business and the community.*
2. *Revitalise our CBDs.*

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<sup>11</sup> Most transfer payments for infrastructure are made under states grants made under section 96 of the Constitution

<sup>12</sup> <http://ncp.ncc.gov.au/pages/overview>

<sup>13</sup> <https://www.alp.org.au/policies/rail-manufacturing-plan>

<sup>14</sup> [https://www.infrastructureaustralia.gov.au/sites/default/files/2019-06/Our\\_Cities\\_National\\_Urban\\_Policy\\_Paper\\_2011.pdf](https://www.infrastructureaustralia.gov.au/sites/default/files/2019-06/Our_Cities_National_Urban_Policy_Paper_2011.pdf)

3. *Renew the independent role of Infrastructure Australia – through the creation of an Australian Cities and Suburbs unit.*
4. *Produce an annual state of the cities report to inform policymaking with evidence.*
5. *Deliver a new National Urban Policy framework.*
6. *Give local government a voice in a meaningful National Cabinet process.*

ALC is of the view this provides an opportunity for action and implementation, rather than review and duplication.

There is a significant body of work that exists to support the priorities, the scope of CSU and to achieve tangible benefit for infrastructure users, freight logistics supply chain and the national economy. To meet the objectives of the priorities, ALC suggests IA should:

- Objective 1. incorporate the NFSCS and encourage the uptake of the previously agreed planning principles in the National Urban Freight Planning Principles, to achieve reform at all levels of government to promote investment and improve land use
- Objective 2. consider the existing work in relation to urban environments and freight planning, including the Greater Cities Commission Industrial Lands Policy Review<sup>15</sup>
- Objective 3. Renew focus on and enhance the National Urban Freight Planning Principles.
- Objective 4. As National Cabinet expands and considers issues in the context of one national economy, take the opportunity to achieve reform in cities planning and regulation, through assessing freight curfews and land use zoning to deliver efficiency gains, improved operability and emission reduction. Consistent with the National Urban Freight Planning Principles.

#### *Infrastructure for Major Projects & Major Events*

Australia has long been a safe destination to host major events and has resulted in significant public investment by all levels of government, including the Commonwealth in public infrastructure. Major events such as the 1982 Commonwealth Games in Brisbane, 2000 Olympics in Sydney, 2006 Commonwealth Games in Melbourne and the 2018 Commonwealth Games on the Gold Coast. These events have been a catalyst for major investment in public infrastructure such as hospitals, stadia, water, housing, roads and rail. Setting aside the social infrastructure, the public investments are often significant – particularly as it relates to transport infrastructure – leveraged to secure events and agreements.

The impact of these investments post-event is the lack of planning in relation to the long-term user or the projects tangible legacy, in moving goods and services. Critical freight and logistics related road, rail, port and aviation infrastructure has resulted from major projects and ALC wishes to continue to see investment in transport infrastructure, to cope with our growing demand for freight services and population.

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<sup>15</sup> <https://greatercities.au/strategic-planning/monitoring-the-plans/industrial-lands-policy-review>

In the context of a tightening fiscal environment, constrained labour market and global material shortages it is more important than ever to ensure sustainable project investment. ALC urges IA to be included in the assessment process of major projects and event related infrastructure to achieve long-term national benefit.<sup>16</sup>

Issues arising from 'in-time investments' include:

- a lack of clarity around objectives at the commencement, duration and post-project and investments are justified on the grounds of securing an event
- Lack of independent evaluation of project benefit, resulting in exaggerated benefit and unspecified outcomes
- Supply-driven vs demand-required
- project delivery timelines are uncertain, developed to meet 'cycles' with poor stakeholder engagement

Significant lead times that reduce market and industry capacity to assess the totality of cost and impact until completion and/or post-event Australia has a rapidly growing freight task and investments are being made in road, rail and port upgrades to meet this task. Given the major events coming to Australia, such as the 2032 Olympics in Brisbane, there will be greater demand for a variety of infrastructure investment and it is critical – particularly given the Commonwealth's co-investment, that IA be part of assessing works.

A case study of this includes the joint Department of Transport and Main Roads (Queensland Government) and the Department of Infrastructure, Transport, Regional Development, Communications and the Arts (Australian Government) Salisbury to Beaudesert Rail Business Case as part of an identified upgrade as part of the Inland Rail Bilateral agreement and to prepare for the 2032 Olympic Games, to be hosted across Southeast Queensland.<sup>17</sup>

Infrastructure Australia has identified corridor preservation for the Salisbury to Beaudesert rail corridor as a priority initiative.

To deliver the regional Olympic Games, all three levels of government agreed to the SEQ City Deal<sup>18</sup>; a long-term agreement across three levels of Government to deliver infrastructure upgrades. This includes impacts on key freight routes, including Bromelton - Mount Lindesay Highway connections, rail from Salisbury to Undullah, and is associated with the existing plan for Inland Rail.

These are major projects, connected to major events and will see major capital investment that IA should be assessing against the NFSCS and NUFPP. The development of passenger rail in this instance, to support connectivity for Olympic events and population growth, should not be at the expense of rail freight infrastructure and capacity.

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<sup>16</sup>

[https://www.researchgate.net/publication/335699163\\_Overcoming\\_the\\_'White\\_Elephant'\\_Syndrome\\_in\\_Big\\_and\\_Iconic\\_Projects\\_in\\_the\\_Public\\_and\\_Private\\_Sectors](https://www.researchgate.net/publication/335699163_Overcoming_the_'White_Elephant'_Syndrome_in_Big_and_Iconic_Projects_in_the_Public_and_Private_Sectors)

<sup>17</sup> <https://www.tmr.qld.gov.au/projects/salisbury-to-beaudesert-rail-business-case>

<sup>18</sup> <https://www.infrastructure.gov.au/territories-regions-cities/cities/city-deals/south-east-queensland-city-deal>

*Conclusion*

This provides a brief overview of ALC's position on IA. We look forward to fully engaging with the Independent Review in person to discuss the matter further.

Should you have any queries or would like to connect to the ALC policy team, please email [policy@austlogistics.com.au](mailto:policy@austlogistics.com.au).

Thank you again for the opportunity to provide a submission to the inquiry.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'Rachel Smith', with a long, sweeping horizontal line extending to the right.

Rachel Smith  
Head of Government and Policy