



Australian Government

Inquiry into **National Freight** and **Supply Chain Priorities**



SUPPORTING PAPER NO. 6
RECENT POLICY REVIEWS OF RELEVANCE TO FREIGHT
AND SUPPLY CHAINS IN AUSTRALIA

March 2018



© Commonwealth of Australia 2018
March 2018 / INFRA 3485 / ISBN: 978-1-925701-19-7

Ownership of intellectual property rights in this publication

Unless otherwise noted, copyright (and any other intellectual property rights, if any) in this publication is owned by the Commonwealth of Australia (referred to below as the Commonwealth).

Disclaimer

The material contained in this publication is made available on the understanding that the Commonwealth is not providing professional advice, and that users exercise their own skill and care with respect to its use, and seek independent advice if necessary.

The Commonwealth makes no representations or warranties as to the contents or accuracy of the information contained in this publication. To the extent permitted by law, the Commonwealth disclaims liability to any person or organisation in respect of anything done, or omitted to be done, in reliance upon information contained in this publication.

Creative Commons licence

With the exception of (a) the Coat of Arms and (b) the Department of Infrastructure, Regional Development and Cities' photos and graphics; copyright in this publication is licensed under a Creative Commons Attribution 3.0 Australia Licence.

Creative Commons Attribution 3.0 Australia Licence is a standard form licence agreement that allows you to copy, communicate and adapt this publication provided that you attribute the work to the Commonwealth and abide by the other licence terms.

A summary of the licence terms is available from <http://creativecommons.org/licenses/by/3.0/au/deed.en>.

The full licence terms are available from <http://creativecommons.org/licenses/by/3.0/au/legalcode>.

This publication should be attributed in the following way: *Inquiry into National Freight and Supply Chain Priorities, Supporting paper No. 6, Recent policy reviews of relevance to freight and supply chains in Australia, March 2018* © Commonwealth of Australia 2018.

Use of the Coat of Arms

The Department of the Prime Minister and Cabinet sets the terms under which the Coat of Arms is used. Please refer to the Department's Commonwealth Coat of Arms and Government Branding web page <http://www.dpmc.gov.au/resource-centre/government/australian-government-branding-guidelines-use-australian-government-logo-australian-government-departments-and-agencies> and in particular, the Commonwealth Coat of Arms - Information and Guidelines publication.

Contact us

This publication is available in hard copy or PDF format. All other rights are reserved, including in relation to any Departmental logos or trade marks which may exist. For enquiries regarding the licence and any use of this publication, please contact:

Director - Publishing and Communications
Communications Branch
Department of Infrastructure, Regional Development and Cities
GPO Box 594
Canberra ACT 2601
Australia

Email: publishing@infrastructure.gov.au
Website: www.infrastructure.gov.au



Table of contents

INTRODUCTION	2
Productivity Commission Inquiry: The National Access Regime 2013	2
Productivity Commission Inquiry: Public Infrastructure 2014	3
Productivity Commission Inquiry: Regulation of Australian Agriculture 2016	4
Harper Competition Review 2015	5
Infrastructure Australia: Infrastructure Australia Plan 2016	6
White Paper on Developing Northern Australia, 2015	7
Agricultural Competitiveness White Paper, 2015	8
Industry Innovation and Competitiveness Agenda, 2014	9
National Science and Research Priorities 2015	9
National Ports Strategy 2012	9
National Land Freight Strategy 2013	10
Smart Cities Plan 2016	11
National Rail Vision and Work Program 2016	11
Coastal Shipping Reform Discussion Paper March 2017	12



Introduction

The terms of reference for the *Inquiry into Freight and Supply Chain Priorities* (the Inquiry) require it to give regard to recent policy reviews conducted by Australian governments relevant to the performance of the freight and supply chain network and infrastructure. This paper summarises key points of such recent reviews over the past five to six years.

These reviews have a range of recommendations for action by governments. Part of the work of the Inquiry will be to adopt an integrated approach to the various recommendations and analyse progress with their implementation.

Many of the recommendations, initiatives and responses set out in the tables below have been addressed by jurisdictions and industry in the years since the documents were produced, often in collaborative fashion.

Productivity Commission Inquiry: The National Access Regime 2013

The Inquiry examined the rationale, role, objectives and performance of the National Access Regime. The Regime is the regulatory framework introduced in 1995 that allows third parties to seek access to significant infrastructure such as rail lines, ports and airports. It acts as a safeguard against misuse of monopoly power and also to promote economically efficient operation and investment for key infrastructure. Under the Regime, a company developing a new mine could, for example, apply for access to existing transport infrastructure if it could not reach satisfactory terms with the infrastructure owner. Such access may be more efficient than building a duplicate transport network for the new mine.

Key findings related to freight and supply chains	Key recommendations	Australian Government response
The national access regime should be retained with some minor amendments; Access regulation should only apply where an enduring lack of effective competition exists due to a monopoly.	Amend some specified declaration criteria; The Australian, state and territory governments should regularly review their competitive neutrality provisions to ensure they are relevant and up-to-date with contemporary practice.	The Australian Government supported the Productivity Commission's recommendations.



Productivity Commission Inquiry: Public Infrastructure 2014

The Inquiry examined ways to encourage private financing and funding for major infrastructure projects and investigated costs, competitiveness and productivity in the public infrastructure sector.

Key findings related to freight and supply chains	Key recommendations	Australian Government response
Project Selection		
An urgent need existed to examine the decision making processes for assessing and developing public infrastructure to avoid poor investment choices and inefficient provision of infrastructure; Private sector involvement in infrastructure funding and provision should be well designed and implemented in order to deliver efficiency gains.	Jurisdictions should have best practice institutional and governance arrangements for infrastructure provision, including processes, procedures and policies for planning and selection projects; Transparent, innovative and competitive processes should be used in the selection of private sector partners; Regular monitoring of project performance and review of funding policies including user charges; Rigorous cost-benefit analysis for all public infrastructure projects over \$50 million. These should be released publicly and made available to bidders in competitive tenders; Australian Government funds should only be forthcoming where the jurisdictions have adopted these processes and governance arrangements.	These recommendations were largely supported by the Australian Government. The threshold for cost-benefit analysis was retained at the existing \$100 million level.
Privatisation of infrastructure		
Governments in Australia have successfully privatised ports, airports and utilities and should consider privatising any remaining assets of this type.	The Commission recommended the privatisation of major ports, and investigation into the potential for privatising the Australian Rail Track Corporation (ARTC) and Air Services Australia.	The Australian Government supported in principle the privatisation of mature infrastructure assets, and undertook to make detailed consideration for the sale of Commonwealth owned assets.
User Charging		
User charges should be used to the fullest extent that can be economically justified, recognising that governments will still need to full or partly fund some infrastructure.	The formation of Road Funds by state and territory governments; and Investigation into the use of vehicle telematics for distance and location charges for light vehicles as well as heavy vehicles, with a view to inform future consideration of direct user charging and hypothecation to roads for funds arising from the measure.	These recommendations were supported in principle by the Australian Government as longer term reform options.
Information collection and dissemination		



Key findings related to freight and supply chains	Key recommendations	Australian Government response
Data limitations restrict comparisons of project costs and other benchmarking parameters.	<p>Fund the development of a detailed benchmarking framework for major infrastructure projects, including transport projects, supported by collection of data from funded projects;</p> <p>Provision of data should be a requirement for all major infrastructure projects funded by the Australian Government and other governments;</p> <p>Infrastructure Australia (IA) should not be restricted from publishing information on evaluated projects unless commercial harm could result.</p>	<p>The Australian Government supported the recommendations regarding benchmarking data and data acquisition.</p> <p>It was noted that legislative amendments to reform Infrastructure Australia had overtaken that recommendation and IA is expected to publish its reviews of infrastructure projects.</p>

Productivity Commission Inquiry: Regulation of Australian Agriculture 2016

The Inquiry examined ways to encourage private financing and funding for major infrastructure projects and investigated costs, competitiveness and productivity in the public infrastructure sector.

Key findings related to freight and supply chains	Key recommendations	Australian Government response
<p>Competitiveness in the agricultural sector is critically dependent on efficient and cost-effective transport systems, particularly the road transport system;</p> <p>Efficient heavy vehicle selection and use is hindered by complex regulation relating to dimensions and weight restrictions on local roads. While there have been improvements in this area, inefficiencies remain;</p> <p>Direct road user charging for selected roads would encourage investment in roads with the greatest net community benefit;</p> <p>The poor state of some rail infrastructure imposes costs on producers, and results in pressure on alternative road networks. Road pricing reform will help address pricing distortions between road and rail networks;</p> <p>Efficient ports are crucial for primary producers – privatisation of major ports can give efficiency gains;</p> <p>Current barriers to entry to Australian ports for foreign vessels should be removed to increase competition and reduce prices.</p>	<p>Increasing the number of routes gazetted for heavy vehicle access, with provision for road users to propose and assess routes for gazettal as heavy vehicle routes;</p> <p>Requiring access permits only in certain cases where there are risks to safety or infrastructure management;</p> <p>Improving the efficiency of road infrastructure investment and use through direct road user charging on selected roads, the creation of road funds and the hypothecation of revenues to incentivise the efficient supply of roads;</p> <p>Requirements for moving oversize agricultural machinery should be proportionate to the risks involved, with greater use of exemptions and extended validity for permits;</p> <p>As a matter of priority, the Australian Government should amend coastal shipping laws to substantially reduce barriers to entry for foreign vessels, to improve competition in coastal shipping services.</p>	<p>The Australian Government has not yet responded to the Inquiry.</p>



Harper Competition Review 2015

The Harper Competition Review undertook a stocktake of competition policy with the aim of improving the Australian economy through recommending reforms to competition policies, laws and institutions.

Key findings related to freight and supply chains	Key recommendations	Australian Government response
<p>Roads are the least reformed of infrastructure sectors, with little change to institutional arrangements around provision and funding over the past 20 years;</p> <p>Lack of suitable road pricing models leads to inefficient investment decisions and creates distortion on the choices users make between different modes, particularly between rail and road freight;</p> <p>Pricing should be overseen by an independent regulator and should not be an additional impost on road users;</p> <p>Reform of coastal shipping and aviation cabotage regulation should be a priority;</p> <p>Part X of the <i>Competition and Consumer Act 2010</i> (CCA), which regulates international liner shipping and provides for exemption from Australia's competition laws, should be repealed.</p>	<p>Introduce cost-reflective road pricing using new technologies, subject to independent oversight, with revenues used for road construction, maintenance and safety;</p> <p>Use a cross-jurisdictional approach to road pricing so that overall road user charges do not rise, with adjustments to state and territory grants to account for changes in revenue;</p> <p>Remove cabotage restrictions on coastal shipping. Also remove cabotage restrictions on aviation services for specific geographic areas such as island territories and poorly served routes, unless it can be demonstrated that the benefits to the community outweigh the costs and policy objectives cannot be achieved in any other way;</p> <p>Block exemptions for minimum standard liner shipping agreements should be granted by the Australian Competition and Consumer Commission (ACCC).</p>	<p>The Australian Government supported the road pricing recommendations as a long term reform option and will continue working through COAG to investigate such options.</p> <p>In relation to the recommendation on coastal trading and aviation cabotage, it was noted that the Government had developed plans for coastal shipping reform but did not intend to change aviation cabotage arrangements.</p> <p>In relation to liner shipping agreements, the Australian Government remained open to the recommendation and agreed to work with the ACCC and stakeholders on the issue.</p>



Infrastructure Australia: Infrastructure Australia Plan 2016

The *Infrastructure Australia Plan 2016* (the Plan) is a reform document that develops a vision and roadmap to address current infrastructure gaps and position the nation for future infrastructure development.

Key findings related to freight and supply chains	Key recommendations	Australian Government response
Productivity		
<p>More efficient infrastructure will support a more productive economy and help create a more prosperous and equitable country;</p> <p>Greater value from infrastructure can be achieved through reform and investment;</p> <p>Technological advances will allow better use of our infrastructure;</p> <p>The Australian Government should play a stronger role in driving reform.</p>	<p>Establish an infrastructure reform incentive scheme to link funds to delivery of reform outcomes;</p> <p>Governments should use greater private sector involvement in infrastructure services, use good regulatory oversight to improve outcomes for consumers, and make transitional arrangements where necessary;</p> <p>Caps, curfews and other restrictions on operation should be avoided;</p> <p>A material increase in private and public funding is required to meet requirements and boost productivity;</p> <p>Funding pools for transport should be consolidated into a transparent Infrastructure Fund;</p> <p>Increase funding in projects and technologies that make better use of existing infrastructure;</p> <p>Operators should generate, collect and use data to drive productivity.</p>	<p>The Australian Government supported the recommendations concerning productivity improvements. It noted several initiatives that meet the Plan's recommendations, including the Asset Recycling Initiative, the heavy vehicle reform program and the Smart Cities Plan. The Australian Government committed to work with the states and territories to deliver key recommendations of the Plan including: the National Freight and Supply Chain Strategy, urban rail plans, a data collection and dissemination plan and a road user charging study.</p>
Connectivity		
<p>Australian has generally high quality infrastructure and services, but there is scope to do better;</p> <p>First and last mile issues, bottlenecks and pinchpoints in Australia's key freight routes need to be addressed.</p>	<p>Data on real-time operation, use and performance of transport networks should be made available to the private sector;</p> <p>Deliver a National Freight and Supply Chain Strategy;</p> <p>Establish targeted investment focused on removing first and last mile constraints across the freight network.</p>	<p>The Australian Government supported these recommendations, noting that it will collaborate with state and territory governments, as network operators, on data availability</p>



Key findings related to freight and supply chains	Key recommendations	Australian Government response
Funding		
Road network funding has weak links between usage and charging; Not enough is invested in maintaining and renewing our current transport infrastructure; Funding of land transport is the most significant opportunity for policy reform in the infrastructure sector.	Require consideration of whole-of-life costs for projects seeking government funds; Government to commit to full implementation of a heavy vehicle road charging structure in the next 5 years and a light vehicle charging structure in 10 years; Continue incentives for asset recycling; Review capacity to increase public borrowings for an infrastructure investment program.	The Australian Government generally supported these recommendations, noting that it will collaborate with state and territory governments on charging regimes.
Better Decisions and Delivery		
Failure to protect corridors increases costs; Long term planning needs to be improved; Integrated planning across all levels of government is needed.	State and territories to produce long-term infrastructure plans; Establish effective corridor protection mechanisms for future infrastructure priorities; Increase funding for development of projects identified in the Infrastructure Priority list.	The Australian Government generally supported these recommendations, noting that they are matters for state and territory governments.

White Paper on Developing Northern Australia, 2015

The *White Paper on Developing Northern Australia, 2015*, lays out the policy framework to create successful business and investment environments, invest in infrastructure, access natural assets, reduce employment barriers and improve governance in northern Australia.

Key findings related to freight and supply chains	Australian Government response
Most northern Australia infrastructure has been provided by the private sector under a user pays principle; In areas where it is difficult to charge users or where there are broader social benefits, there is a role for governments to support development; Individual jurisdictions face reduced incentives to prioritise projects where benefits cross borders.	The White Paper included the following commitments: \$5 billion in concessional loans for projects through the Northern Australia Infrastructure Facility; \$600 million for priority road projects in northern Australia including consideration of the Great Northern Highway, Arnhem Highway, Flinders Highway, Barkly Highway, Hann Highway, the Outback Way and the Tanami Road; \$100 million to improve cattle supply chains through a northern Australia beef roads fund; using CSIRO modelling and livestock transport and beef industry experts to identify investment and deregulation priorities;



Key findings related to freight and supply chains	Australian Government response
	<p>\$5 million for analyses of freight rail projects in northern Australia, with an initial focus on a pre-feasibility study, including a high level cost benefit analysis, of the proposed Mount Isa to Tennant Creek railway;</p> <p>\$3.7 million to develop an infrastructure pipeline with the jurisdictions to provide investors information on potential infrastructure needs so more can be built sooner and cheaper;</p> <p>Infrastructure Australia's northern Australia infrastructure audit;</p> <p>\$39.6 million to upgrade airstrips and subsidise air services in remote Australia;</p> <p>Establish a business stakeholder group to develop a plan for improving aviation and surface transport connections in northern Australia.</p>

Agricultural Competitiveness White Paper, 2015

The *Agricultural Competitiveness White Paper, 2015*, gave effect to the Government's vision to build a more profitable, more resilient and more sustainable agriculture sector to help drive a stronger Australian economy. One of the key principles of the Paper is to build infrastructure to improve linkages to domestic and international markets.

Key Findings related to freight and supply chains	Australian Government Response
<p>Transport is a large proportion of overall costs to farmers;</p> <p>Much of the freight task is time critical.</p>	<p>The Australian Government supports better road transport through the funding for major investment projects, Black Spot projects, the National Highway Upgrade programme and the Roads to Recovery programme;</p> <p>The Australian Government is working with the states and territories to address first and last mile issues, including improving access for higher productivity freight vehicles;</p> <p>One million dollars was provided for improvements to CSIRO's TRANSIT tool to support future transport investment for 25 agricultural industries;</p> <p>Other initiatives such as the national heavy vehicle reform program and reform of coastal shipping regulations will support agricultural exports;</p> <p>The Inland Rail initiative will support further development.</p>



Industry Innovation and Competitiveness Agenda, 2014

The *Industry Innovation and Competitiveness Agenda, 2014*, gave effect to the Government's vision to build a more profitable, more resilient and more sustainable agriculture sector to help drive a stronger Australian economy. One of the key principles of the Agenda is to build infrastructure to improve linkages to domestic and international markets.

Key Findings related to freight and supply chains	Australian Government Response
Australia's size and geographic location mean that all transport networks need to be as efficient as possible; Economic infrastructure such as roads, rail, ports and airports are key to Australia's competitiveness.	The Agenda included commitments to: <ul style="list-style-type: none"> • examine coastal shipping arrangements; • increase public investment in infrastructure; • improve infrastructure project selection, funding, finance and delivery; • encourage greater private sector investment in infrastructure.

National Science and Research Priorities 2015

The *National Science and Research Priorities 2015* are designed to increase investment in areas of immediate and critical importance to Australia and its place in the world. It aligns Australia's research priorities with our comparative advantages. Transport is one of the sectors identified for research investment.

Key Findings related to freight and supply chains	Australian Government Response
<ul style="list-style-type: none"> • Departments and agencies should give priority to research that will lead to: • low emission fuels and technologies; • improved logistics, modelling and regulation: urban design autonomous vehicles electrified transport, sensor technologies, real time data and spatial analysis; • effective pricing, operation and resource allocation. 	The Australian Government will work with universities, research institutions and industry to identify projects and investments to address the priority areas.

National Ports Strategy 2012

The *National Ports Strategy 2012* recognised there was room for improvement in port operation through a more collaborative national approach by governments and industry. The strategy intended to drive the development of efficient, sustainable ports and related freight logistics that together support the needs of a growing Australian community and economy and the quality of life aspirations of Australians.

Key Findings related to freight and supply chains	Key actions	Status
Long term integrated plans will help attract public and private investment in ports; Reform can remove barriers to trade, reduce transaction costs, increase competition and contestability and	That COAG agree to: Identify the relevant ports, landside links, nodes and sea channels;	The Australian Government, along with other COAG governments, endorsed the Strategy in July 2012. National key freight routes map was released in PDF form November



Key Findings related to freight and supply chains	Key actions	Status
<p>provide linkages to domestic and global value chains;</p> <p>A national strategy would drive greater efficiencies and reduced costs in Australia's trade performance.</p>	<p>Develop long term integrated master plans for ports guided by best practice, with consideration of plans by an expert panel;</p> <p>Develop streamlined environmental management and assessment processes;</p> <p>Review regulations and legislation for government owned organisations that control ports;</p> <p>Improve productivity through pricing access reform;</p> <p>Explore opportunities for real time information.</p>	<p>2014, then as an online, interactive map in 2015.</p> <p>Port master masterplanning guidelines were released by industry in 2013 with Commonwealth input on environmental assessment streamlining.</p> <p>Port performance data reporting improvements made by BITRE.</p>

National Land Freight Strategy 2013

The *National Land and Freight Strategy 2013* developed under COAG, sought to improve the efficiency of freight movements, minimise externalities associated with such movements, and to influence policy making relevant to freight. It represents a partnership between all levels of government and industry to drive efficient and sustainable freight logistics. The Strategy outlines issues for action, and points to possible long term solutions and desired outcomes.

Key Findings related to freight and supply chains	Key actions	Status
<p>Fast growing Asian economies will increase demand for our commodities;</p> <p>The land transport sector is highly dependent on crude oil based energy with limited alternative energy sources for the immediate term;</p> <p>New infrastructure corridors are needed that balance efficiency with urban amenity;</p> <p>Government fiscal constraints will put pressure on budgets and infrastructure spending;</p> <p>Opportunities will be created through technological developments and innovation and regulation and policies need to encourage these.</p>	<p>Map key freight routes;</p> <p>States and territories to develop long term freight plans, with government investments reflecting the priorities in these plans;</p> <p>Progress demonstration projects to address specific impediments;</p> <p>Commonwealth co-funding for first and last mile projects;</p> <p>Trial the Performance Based Standards (PBS) route assessment tool to assist local government decisions on heavy vehicle access;</p> <p>Review the economic impact of the national transport regulation reforms;</p> <p>Produce freight data through BITRE;</p>	<p>The Strategy was endorsed and released by COAG's Standing Council on Transport and Infrastructure in September 2013.</p> <p>Key freight routes map released (see Ports Strategy).</p> <p>State and territory freight strategies released by most jurisdictions.</p> <p>First/last mile assessment tool released to local government.</p> <p>Productivity Commission review of national regulation to occur in 2019.</p> <p>Commodity freight data collection and reporting improvements.</p> <p>Compendium released of existing research on community attitudes to freight.</p>



Key Findings related to freight and supply chains	Key actions	Status
	Enhance community engagement on the value and importance of freight.	

Smart Cities Plan 2016

The *Smart Cities Plan 2016* sets out the Australian Government vision for our metro and regional cities to support productive, accessible, liveable cities that attract talent, encourage innovation and create jobs and wealth. It has three pillars: smart investment, smart policy and smart technology.

Key Findings related to freight and supply chains	Australian Government Response
<p>Infrastructure funding is a long term investment;</p> <p>Innovative financing can deliver more infrastructure sooner;</p> <p>New technology has the potential to revolutionise how cities are planned and function, and how the economy grows;</p> <p>Australia needs to plan for the future of regional cities to maximise their potential and support long term growth.</p>	<p>Develop City Deals that unlock public and private investment in key economic centres. States and territories will be invited to participate in City Deals;</p> <p>Collect and analyse data on the performance of our cities to measure the impact of policies;</p> <p>Support investments in sectors commercialising new innovation to grow the economy;</p> <p>Provide funding for infrastructure planning to accelerate planning on major infrastructure projects;</p> <p>Establish an Infrastructure Financing Unit to develop funding and financing solutions.</p>

National Rail Vision and Work Program 2016

The *National Rail Vision and Work program*, endorsed by the Transport and Infrastructure Council in November 2016, provides the key reform areas for enhancing rail productivity, competitiveness and liveability. Key reform areas include on access, pricing and interoperability, safety and incident regulation, environmental regulation and corridor protection along with funding and investment and performance measurement and management.

The Transport and Infrastructure Council Senior Officials' Committee (TISOC) agreed to update the existing National Rail Vision (NRV) and Work Program and to endorse a new governance structure for a National Rail Plan. The new National Rail Plan will help coordinate rail activities across multiple organisations to improve planning for rail industry reform priorities, minimise duplication and target government activity where it can offer the best support to the rail industry. The National Rail Plan will encompass a range of work activities and reporting items to provide visibility to industry of work being undertaken across other areas of government activity.

Governments will consult with key industry stakeholders, which will include representatives from government and industry, to prepare the National Rail Plan and Work Program for endorsement at the next TISOC meeting.



Coastal Shipping Reform Discussion Paper March 2017

The *Coastal Shipping Reform Discussion Paper, March 2017*, explores proposed amendments to the coastal shipping regulatory regime and proposes ways to meet maritime training needs. The paper addresses industry concerns around the five voyage minimum requirement for a Temporary Licence (TL), TL variation arrangements, tolerance limits for TLs, notification requirements for TLs and the geographical reach of the *Coastal Trading (Revitalising Australian Shipping) Act 2012*. It proposes retaining the basic structure of the current regulatory regime, with amendments to remove the aspects reported as unreasonably limiting, inflexible or onerous for stakeholders. The paper also identifies potential seafarer training initiatives that could be included as part of a broader package to reform coastal shipping. These seafarer training options are aimed at developing and retaining critical maritime skills in Australia.



