AUSTRALIAN LOGISTICS COUNCIL
SUPPLY CHAIN EFFICIENCY AND SAFETY

FREIGHT DOESN'T VOTE

SUBMISSION ON THE DISCUSSION PAPER FOR THE INQUIRY INTO NATIONAL FREIGHT AND SUPPLY CHAIN PRIORITIES

AUGUST 2017

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CONTENTS

FREIGHT DOESN'T VOTE – A PREFACE 3

RECOMMENDATIONS 4

- Planning and Encroachment Issues 4
- Technology and Data 4
- Road 5
- Rail 5
- Maritime 6
- Air Freight 6
- CBD Freight Delivery 6
- The Role of the ACCC 6

INTRODUCTION 7

- The Australian Federal Structure 8
- ALC and the National Freight and Supply Chain Strategy 9

PLANNING AND ENCROACHMENT ISSUES 10

- Fishermans Bend and the Port of Melbourne 11
- Development of Intermodal Terminals 15

TECHNOLOGY AND DATA 17

- National Freight Performance Framework 18
- Automation in the Freight Logistics Industry 19

ROAD 21

- Road Pricing and Investment Reform 21
- Toll Roads 21
- Access 22
- National Consistency in Heavy Vehicle Regulation 22
- Safety and Technology 23

RAIL 24

- Inland Rail 24
- Short Haul Rail 24
- Rail Issues Generally 25
- Track Separation 25
- Train/Network Management Systems 26
- Standardisation of Rail Freight Network 26

MARITIME 27

- Coastal Shipping 27

AIR FREIGHT 28

- Curfews at Australian Airports 28
- GST on Low-Value Imports 28

CBD FREIGHT DELIVERY 29

THE ROLE OF THE ACCC 31

ALC MEMBERS

Corporate members

arc infrastructure
ARTC
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PORT of BRISBANE Here for the future
QANTAS FREIGHT
QUBE
SCF BUILT TO CONTAIN
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GS1 Australia
IANA Intermodal Association of North America
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FREIGHT DOESN'T VOTE – A PREFACE

Although the fact that 'freight doesn't vote' has long been viewed as a significant barrier to improving supply chain efficiency and safety, there is good reason to think that this situation is finally changing.

In some respects, supply chains are not unlike energy supplies - they are largely taken for granted when they work well, and the public at large comes to feel the systems that sustain a regular energy supply 'look after themselves'.

Yet when there are interruptions to those systems, or when the cost of using them rises exponentially, the impact is significant and immediate, in both an economic and a personal sense.

It is this latter factor – the personal inconvenience and personal cost – that makes energy such a politically potent issue today. When consumers experience a direct personal impact, they demand action.

The growth of e-Commerce over the past two decades has 'personalised' the experience of freight for an increasing number of Australians – even if they don't necessarily understand the complexity of the issues involved in freight movement.

Those who order products online for home delivery and then experience delays or additional costs in getting items to their door are experiencing something of the frustration that has beset freight logistics operators for many years.

Because of this, more Australians than ever before are aware of just how important it is to have efficient supply chains, if only in a personal sense. This personal experience is in effect a microcosm of the importance of supply chain efficiency and safety to Australia's overall economic performance.

When freight is able to move efficiently, there are benefits for freight logistics operators, for consumers and for the economy alike.

The reverse is also true – delays and inefficiencies in the supply chain don't just hurt freight logistics operators. They force consumers to pay higher prices, and ultimately act as a handbrake on economic and employment growth.

That is why the National Freight and Supply Chain Strategy is such a significant national economic initiative. This is not simply a 'niche' Strategy designed to serve the interests of one particular industry. After all, freight serves all industries – and thus, a more efficient freight logistics sector means more efficient industries across the board.

Unless action is taken to secure the efficiency and safety of our supply chains today, the negative consequences will prove a major headache for policy-makers in the decades to come. Moreover, corrective policy action in the future will prove vastly more costly than taking the time to get the policy settings right today.

Accordingly, developing a National Freight and Supply Chain Strategy should be about making sure the nation's supply chains are sufficiently equipped to deal with the needs of an economy being transformed by population growth, by technological change and by the changing behaviour of ever-more discerning and empowered consumers.

Moreover, given the importance of exports to Australia's continuing economic performance and employment growth, becoming a world leader in supply chain efficiency is not merely desirable, but essential.

Although it may be true that 'freight doesn't vote', consumers and job-seekers most certainly do.

RECOMMENDATIONS

PLANNING AND ENCROACHMENT ISSUES

1. The Commonwealth should develop criteria to be inserted in any national partnership agreement (or any other form of mechanism used to transfer payments to States and Territories, including City Deals agreements) that require, as a condition of payment:
   a. that planning instruments do not permit land uses precluding transport infrastructure from operating to maximum efficiency, including operation on a 24/7 basis;
   b. clear linkage of road and/or rail infrastructure between employment lands and other clearly identifiable freight generation points and other significant transport infrastructure such as ports, airports and intermodals; and
   c. state and territory planning, environmental and local government legislation and planning instruments be prepared in such a manner so as to give effect to the outcomes set out in paragraphs (a) and (b).
2. The Council of Australia Governments (COAG) to develop a finalised National Transport Corridor Protection Strategy that contains clear objectives as to what such a Strategy is to achieve, by no later than 31 December 2019.
3. The Commonwealth establish a dedicated Freight Strategy and Planning Division within the Department of Infrastructure and Regional Development with appropriately qualified personnel (including, in particular, skills and experience in planning, and the operation of national freight supply chains).
4. Governments (at all levels) should support the preservation of potential intermodal terminal sites, and ensure proper planning for future road and rail connections.
5. Governments should support accelerated investment plans for intermodal terminals, including work towards integrating freight rail and logistics freight hubs.

TECHNOLOGY AND DATA

6. A project should be developed to identify any technological or competition law impediments preventing the transfer of non-proprietary data so as to improve the flow of freight down a freight chain.
7. As a matter of priority, proceed with the development of a 'single window' system for the exchange of information at ports, suitable for the Australian environment.
8. That work on the National Policy Framework for Land Transport Technology is appropriately resourced so increased uptake in technology is not frustrated by unnecessary or outmoded regulation.
9. The Australian Government identify ways it can assist small and medium sized logistics service providers adopt global data standards in Australian supply chains.
10. The Australian Government should work with industry to promote the benefits of adoption of global data standards through industry research and awareness programs and promotion of the value of global data standards in Australian supply chains.
11. The Bureau of Infrastructure, Transport and Regional Economics (BITRE) should continue to compile their data on freight movements in Australia.

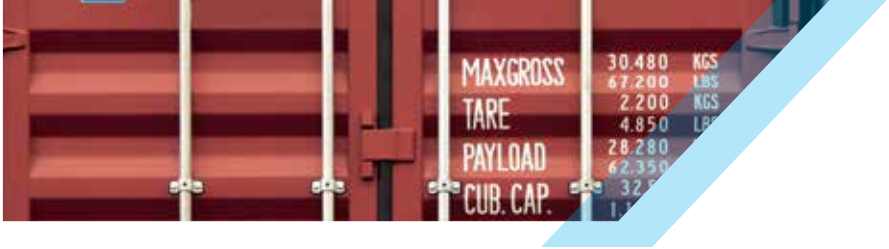
12. The Australian Government, through BITRE, should compile a National Freight Performance Framework, including indicators such as road access and land/use encroachment.
13. The Australian Bureau of Statistics (ABS) should develop a Transport Satellite Account.
14. Continue the co-operation of federal and state government agencies, as well as proactive engagement with the private sector, to ensure consistent legislative and regulatory changes are made across Australia so as to allow the trialling, and then commercial sale, of Connected and Autonomous Vehicles (CAVs) across Australia that are fit for the Australian environment.

ROAD

15. Work on developing a road pricing model adopting a forward looking (lifecycle) cost base for vehicles, with an appropriate entity - preferably the Australian Competition and Consumer Commission (ACCC) - playing the role of an independent economic regulator, should be expedited.
16. Industry should be formally involved in the development of any road pricing model prior to the publication of a consultation regulatory impact statement (RIS), so as to ensure workability.
17. Prior to that, the principles guiding the development of the road pricing model be clearly articulated as early as possible.
18. Any community service obligations placed on road owners by government be funded from general government revenues and not from any new road user charge.
19. An inquiry should be undertaken to determine whether the pricing arrangements for toll roads developed under agreements between governments and private entities should be subject to supervision from an entity such as the ACCC.
20. The road access provisions of the Heavy Vehicle National Law should be reviewed to identify and enact improvements to the system so as to improve consistency and speed in decision making.
21. The Inquiry should recognise the National Heavy Vehicle Regulator (NHVR) does not currently have the authority to enforce common approvals or to require jurisdictions to approve permits – and identify possible solutions.
22. State and territory jurisdictions should recommit to adopting a consistent national model for the regulation of heavy vehicles.
23. An inquiry should be established exploring the best manner by which data for regulatory purposes such as road pricing and heavy vehicle safety information can be collected and used.

RAIL

24. The Inland Rail project proceed so as to ensure a fully integrated capacity to move freight seamlessly between the Port of Brisbane and the Port of Melbourne (including preserving the corridor for the future alternative freight rail corridor to the Port of Brisbane), as well as the development of inland rail hubs to encourage efficient rail connections between these hubs and the NSW ports of Newcastle, Port Botany and Port Kembla.
25. The Inquiry should recommend greater government focus and investment in the use of port shuttle/short haul rail infrastructure as a means to improve supply chain efficiency and reduce congestion.
26. Governments (at all levels) should ensure rail access to major ports.
27. As a matter of urgency, funding should be provided for the duplication of the freight rail line at Port Botany.



28. Work on the National Rail Vision should be expedited, with a view of establishing a national freight rail policy by no later than 31 December 2019.
29. The issue of track separation should be given heightened importance in the development of any such national freight rail strategy.
30. Freight rail projects which also deliver substantial benefits for passenger rail should be eligible to receive funding support from the Commonwealth Government's *National Rail Program* for rail projects in urban areas.
31. The Commonwealth should provide additional investments to facilitate the harmonisation of digital train/network management systems.
32. The Inquiry should recommend governments move towards standard gauge conversion, where possible, when considering rail freight network enhancements.

MARITIME

33. An audit should be conducted on the adequacy of the shipping channels maintained for current Australian ports.
34. A cost-benefit analysis should be conducted on Australia's present coastal shipping regime – particularly whether the changes made by the *Coastal Trading (Revitalising Australian Shipping) Act 2012* delivered the desired outcomes.

AIR FREIGHT

35. Current laws relating to curfews on aircraft movements at Australian airports should be reviewed.
36. The Inquiry should reaffirm the view that responsibility for collecting GST for low value imported goods should be collected by overseas vendors and not by air freight operators or registered air cargo agents.

CBD FREIGHT DELIVERY

37. The Commonwealth Government examine opportunities to support the trialling of urban consolidation centres in Australia.
38. Investment in infrastructure allowing access from distribution centres to CBDs, such as 'Truckways', truck only lanes, or some other form of freight-only infrastructure should be considered to improve freight delivery and decrease congestion and emissions in high demand environments.
39. The Inquiry should recommend a formal review designed to identify regulations and practices (such as curfews) that preclude the essential delivery of freight in inner-urban environments.
40. The Inquiry endorse Infrastructure Australia's (IA) recommendation that governments should establish targeted investment programs focused on removing first and last mile constraints across the national freight network – and expand upon it by recommending governments also focus on particular sections of a freight corridor where speed or capacity restrictions inhibit the efficient movement of freight.

THE ROLE OF THE ACCC

41. The Inquiry should recommend the ACCC be properly resourced, both with funding and personnel possessing actual expertise in logistics, enabling it to discharge its duties effectively, cognisant of the many specialist and complex issues relevant to the freight logistics industry.

INTRODUCTION

The Australian Logistics Council (ALC) is pleased to make its final submission to the Inquiry into National Freight and Supply Chain Priorities (the Inquiry).

By way of background, ALC is the peak national body representing the major and national companies participating in the freight logistics industry, with a focus on national supply chain efficiency and safety.

WHY DO WE NEED A NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY?

The lived experience of Australian society over recent decades points to increasing levels of urbanisation. Effectively, this means we are trying to do more in a limited physical space.

In particular, a resurgence in the desirability of inner-city living, coupled with rapid rates of population growth, have conspired to present some urgent challenges for our freight logistics industry.

The essential items which most Australians take for granted in everyday life – food to eat, household appliances, clothing, medications and automobiles to name just a handful – are generally not grown or manufactured close to the places where most of us live.

These commodities must be transported from their point of origin to the retailers from which we purchase them, or otherwise delivered directly to our doorsteps from ports, freight depots or warehouses.

Yet, as we create more populous cities, it is fast becoming apparent that our existing planning regimes and approaches to development fail to adequately prioritise the movement of freight.

The congested state of many major freeways and key arterial roads, as well as traffic gridlock within cities themselves, is a constant source of annoyance for many Australians. However, more than simply being an irritation, these problems are symptomatic of a far deeper issue.

Capacity constraints in the road network are not only a problem for motorists – they also impose significant costs on the freight logistics industry.

The disruption to the supply chain that occurs because of road congestion, as well as capacity issues afflicting ports, airports and rail freight facilities all have an impact on the cost of moving freight – and ultimately, the prices paid for goods by Australian consumers.

Indeed, congestion on our roads alone is already costing the Australian economy some $16 billion a year. Without remedial action, that cost is projected to rise to more than $50 billion a year.[1]

With the National Transport Commission projecting Australia's freight task will grow by 26% over the next decade,[2] it's clear that unless corrective steps are taken quickly, the safety and efficiency of Australia's supply chains are at enormous risk.

A NATIONAL ECONOMY NEEDS A NATIONAL APPROACH

Australia's supply chains do not stop at state borders. Our economy is national – and accordingly a nationally consistent approach to infrastructure and the regulation of freight movement is required.

ALC members have long held the view that a national economy should be managed by the national government. This includes the responsibility for the development of the infrastructure and regulatory settings necessary for the Australian supply chain to operate safely and efficiently.

In many circumstances, the Australian Government has encouraged the development of individual pieces of infrastructure through financing. However, many of the decisions relating to the planning and delivery of such projects are made by state and/or local governments. This is the reality of the Australian federal structure.

That said, recent policy initiatives of the Australian Government, including the formation of an Infrastructure Financing Unit within the Department of Prime Minister and Cabinet, appear to indicate a desire on the part of the Commonwealth to become more active regarding infrastructure and planning issues.

It is vitally important such policy measures be used to engender more consistent outcomes, and not add to the complexity of infrastructure development.

1 Australia's Economic Future: An Agenda for Growth, CEDA, June 2016 (p. 42) - http://adminpanel.ceda.com.au/FOLDERS/Service/Files/Documents/30867~CEDAAEFJune2016Final.pdf

2 *Who Moves What Where*, National Transport Commission, (p 15) - https://www.ntc.gov.au/Media/Reports/(D62E6EFC-36C7-48B1-66A7-DDEF3B04CCAE).pdf

THE AUSTRALIAN FEDERAL STRUCTURE

As logical and desirable as it may sound, the Australian Government cannot simply make laws 'with respect to' the Australian economy. This has been made clear by the High Court.[3]

The imposition of such constitutional limitations means that other ways must be found for that national government to influence policy outcomes.

One of the ways the Commonwealth can do this is by displaying national leadership – setting out best-practice examples and establishing frameworks that other jurisdictions are inclined to support and emulate.

The creation of Infrastructure Australia (**IA**) as an independent, specialist adviser rigorously assessing the benefits that particular infrastructure offers the national economy is an excellent example of how this can work.

IA is now so central to the development of effective infrastructure policy that there is near-unanimous support for its work across political and jurisdictional boundaries.

Similarly, the Commonwealth is also able to use the 'executive federalist' structure of the Council of Australian Governments (**COAG**) to encourage the development of high level plans, such as the National Ports Strategy and the National Land Freight Strategy.

Although such initiatives have resulted in the development of some valuable outputs, such as the National Key Freight Routes Map as well as the establishment of master planning documents for ports, there is a general view within the freight logistics industry that not everything that could have been achieved as a result of such initiatives has been achieved.[4]

In many respects, this can be attributed to the existence of differing priorities among different governments at different levels.

This means that apart from moral suasion, the Federal Government must rely upon the constitutional devices that are available to it: either Section 51(xxxvii) (attempt to attract a referral of powers from jurisdictions to the Commonwealth), or section 96 (grants on conditions) should it wish to achieve a particular outcome.[5]

ALC's submission has been prepared in the context of these constitutional realities.

3 *Pape v. Federal Commissioner of Taxation [2009] HCA 23*
4 See http://maps.infrastructure.gov.au/KeyFreightRoute
5 *Williams v. Commonwealth of Australia* [2014] HCA 23 para 96.

ALC AND THE NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY

In the lead-up to the 2016 Federal Election, the Australian Logistics Council (ALC) urged the development of a comprehensive National Freight and Supply Chain Strategy to address these challenges.

The Federal Government subsequently agreed to undertake the development of such a Strategy during the Prime Minister's Annual Infrastructure Statement to the Parliament in November 2016.

ALC believes the Inquiry and the subsequent development of a National Freight and Supply Chain Strategy represents an ideal opportunity to establish a high-level framework that will facilitate the safe and efficient operation of Australia's supply chains, which will:

- provide an integrated and efficient freight transport and supply chain network for Australia's international and domestic supply chains;
- to the fullest extent possible, ensure that policy settings and regulation are competitively neutral between the different freight transport modes;
- allow freight operators to innovate and increase the productivity of the freight logistics services they provide, in order to improve outcomes for consumers, Australia's industries and the wider economy; and
- contribute to continuous improvement in the safety of all freight logistics operations, as well as improved societal and environmental outcomes.

This submission has been prepared with these overarching objectives in mind.

The submission has also been prepared with the advantage of an unprecedented engagement from Australia's freight logistics industry in matters of granular transport and infrastructure policy.

In ALC's view, a comprehensive and dynamic National Freight and Supply Chain Strategy requires a comprehensive and dynamic consultation process to help guide its development.

ALC has worked closely with its members and other industry participants over the last six months to facilitate opportunities for the freight logistics industry to have its say on the Strategy.

The annual ALC Forum, held in Melbourne on 8-9 March 2017 and attended by over 300 industry and government representatives, concentrated exclusively on the National Freight and Supply Chain Strategy. A communique from ALC Forum 2017 can be found at **Attachment 1**.

The issues being considered by the Inquiry were also examined in detail during the annual ALC/Department of Infrastructure and Regional Development Dialogue, held in Canberra on 5 May 2017.

Finally, to allow industry participants to express issues relating to their businesses, ALC organised workshops to discuss the contents of a strategy in Sydney, Melbourne, Brisbane and Perth throughout July 2017.

It was pleasing that representatives of the Department of Infrastructure and Regional Development attended each of these sessions.

This submission draws together the major issues, challenges and potential solutions that have emerged throughout these industry conversations. A list of recommendations as to what should be included in a truly effective National Freight and Supply Chain Strategy has also been incorporated.

This submission should be read in conjunction with ALC's preliminary submission to this Inquiry, *Charting the Course for a National Freight and Supply Chain Strategy*, which records in detail the views of industry expressed at the ALC Forum and the Dialogue.[6]

For convenience, it is set out in **Attachment 2**.

6 https://infrastructure.gov.au/transport/freight/frieght-supply-chain-submissions/02-Charting-the-Course-wp2.pdf

PLANNING AND ENCROACHMENT ISSUES

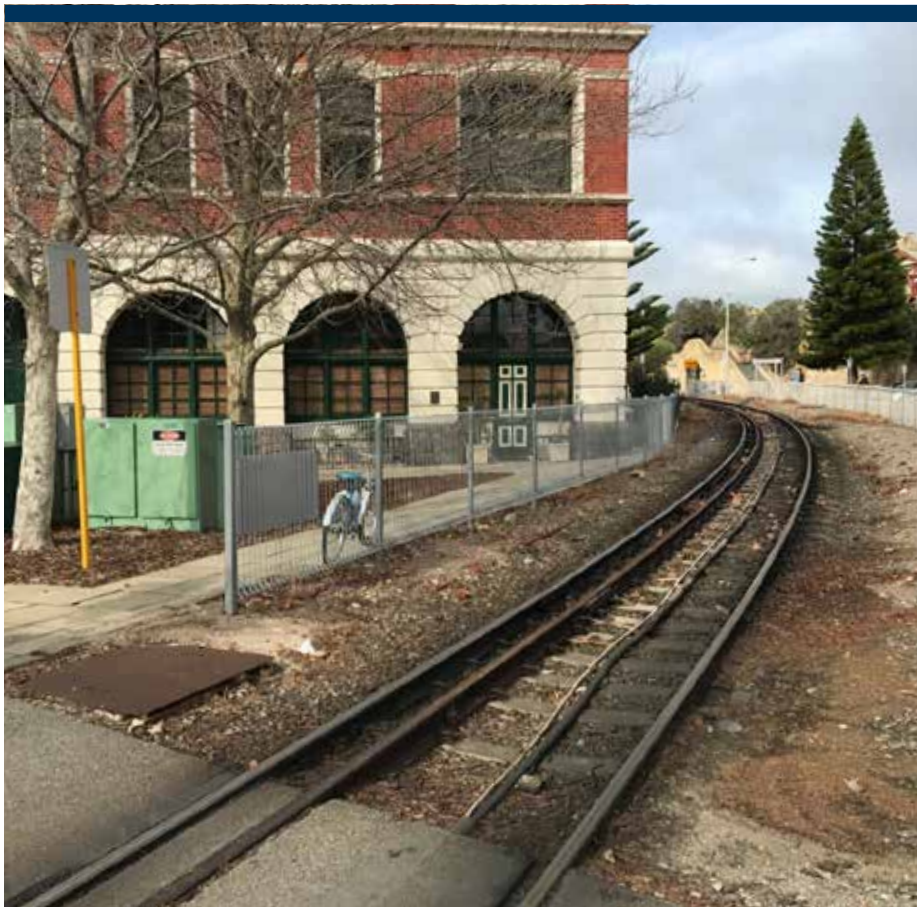
Issues relating to planning and encroachment have been the most common challenges discussed at ALC-sponsored events discussing the National Freight and Supply Chain Strategy.

Industry has made it clear that freight infrastructure assets must be able to operate 24/7 if the efficiency of Australia's supply chains is to be maximised.

Many planning documents accept the importance of maintaining freight gateways. As the Greater Sydney Commission has said in its recent publication, *Directions for a Greater Sydney 2017-2056*:

> *Industrial activities and urban services are intrinsically linked to Port Botany and Sydney Airport, which already provide around 15,000 and 18,000 jobs respectively.*
>
> *Ongoing investment will grow innovation and creative industries that need to be close to trade gateways, and employment and urban services land.*[7]

Yet, acceptance of the theory does not automatically translate to practice. For example, ALC strongly supports the WestConnex project currently under construction in NSW as one that has enormous potential to improve traffic flows and alleviate congestion for freight logistics operators using the Sydney road network.



Urban Encroachment – Freight rail line abutting a residential development near Fremantle Port, Western Australia

While there is no doubt the incorporation of the Sydney Gateway into the project design is a great improvement, it is yet to be made clear how this critical transport project will connect with Port Botany and Sydney Airport, two of NSW's most significant freight hubs.

Substantive planning instruments must be designed to facilitate the operation of ports and airports, so as to preserve employment lands and improve supply chain efficiencies.

The following are a couple of examples.

7 https://gsc-public-1.s3.amazonaws.com/s3fs-public/directions_for_a_greater_sydney_2017-2056_web.pdf:13

FISHERMANS BEND AND THE PORT OF MELBOURNE

Fishermans Bend is a 485-hectare urban renewal area located near the Port of Melbourne.

In July 2012, areas of Fishermans Bend were rezoned from Industrial, Business and Mixed Use Zones to Capital City Zone – zoning that allows high rise residential properties.

By 2050, it is expected 80,000 residents and 60,000 workers will be accommodated within the area's five precincts.[8]

A recent report issued by Infrastructure Victoria recommended that the Port of Melbourne should remain Victoria's sole major container port until 2055.[9]

According to Infrastructure Victoria, the Port of Melbourne should be developed to a capacity of 8 million TEU a year by 2055. The current throughput at the Port of Melbourne is less than 3 million TEU a year.[10]

Thus, over the next 40 years, the Port of Melbourne is expected to almost triple its throughput of containers, despite some 80,000 people taking up residence near the Port.

ALC and the Port of Melbourne hold concerns that residential development within Fishermans Bend will inhibit the ability of the port to operate 24 hours a day, 7 days a week.

The critical freight infrastructure required for a truly efficient supply chain requires round-the-clock operational flexibility, so that freight movement can to occur at all times and operators can take advantage of off-peak road traffic volumes.

Fishermans Bend Urban Renewal Project - *Source: City of Port Phillip*

8 *Fishermans Bend Urban Renewal Area*, City of Port Phillip, www.portphillip.vic.gov.au/fishermans-bend.htm

9 *Advice on Securing Victoria's Port Capacity*, Infrastructure Victoria, http://yoursay.infrastructurevictoria.com.au/application/files/6914/9558/6929/Securing_Victorias_Ports_Capacity_WEB.pdf

10 *Advice on Securing Victoria's Port Capacity,* Infrastructure Victoria, http://yoursay.infrastructurevictoria.com.au/application/files/6914/9558/6929/Securing_Victorias_Ports_Capacity_WEB.pdf: 43

With respect to Fishermans Bend, ALC is concerned that the following scenario will eventuate:

1. **Developing Fishermans Bend**

   Residential properties are built in the Fishermans Bend precinct.

2. **Complaints from Residential Properties**

   Residents of Fishermans Bend complain about the noise emanating from the Port of Melbourne, including the use of cranes and trucks entering/exiting the port.

3. **Political Response**

   Elected representatives from federal, state and local governments respond to constituent concerns by proposing restrictions on the use of the port.

4. **Freight Doesn't Vote**

   On the back of complaints from voters, governments implement legislative or regulatory restrictions on the use of the Port of Melbourne.

5. **Decreased Efficiency and Safety**

   Restrictions placed on the Port of Melbourne decrease the efficiency and safety of the Port's operation, and the subsequent supply chain.

These concerns are not merely speculative. The following case studies relating to Port Botany in NSW offer a real-life demonstration of these issues:

Residential noise complaints forces relocation of Australian Border Force facility

Australian Border Force (ABF) – the agency responsible for enforcing border security at Australia's air and seaports - currently occupies an industrial landholding on Denison Street, Hillsdale. Land adjoining this facility was rezoned from 'industrial' to 'residential' land in 2013, resulting in the construction of high-rise residential development.

Subsequently, residents who moved into the new development began making noise complaints about barking dogs. The dogs in question are housed in dog kennels at ABF's Denison Street facility, and are obviously essential to the organisation's day-to-day operations.

Partly as a result of these consistent noise complaints, the ABF facility is now in the process of being relocated to land within a more industrial precinct.

Denison Street, Hillsdale

Denison Street is one of only two remaining road access routes to Port Botany – the other being Foreshore Road. Denison Street is a key access route for dangerous goods vehicles and other port trucks heading northbound from Port Botany.

Non port-related developments - such as the Bunnings development on Denison St and the intensification of residential and other commercial developments around Eastgardens Shopping Centre - are having an impact on the ability of port operators to obtain development approvals for developments that generate additional truck movements (particularly trucks transporting dangerous goods) on Denison Street.

A land use risk study prepared by the local Council proposes to cap/limit trucks transporting dangerous goods to and from Port Botany via Denison St. This risk study was prepared in response to a development approval issued for a Bunnings development on Denison St. The Transport Quantitative Risk Assessment Report (QRA) prepared as part of the Bunnings planning application recommended that Council "review its planning controls for the area, in light of this study, to ensure new development does not result in a significant exposure to risks from dangerous goods transport incidents".

The Transport QRA for Bunnings deemed that the risks associated with the current dangerous goods (DG) truck movements on Denison Street were acceptable. However, the Transport QRA did not consider future increases in DG truck movements on Denison St.

As a result of the Bunnings development approval, the NSW Department of Planning & Environment (DPE) is concerned about developments at the Port that increase truck movements, specifically DG trucks, via Denison St.

One refined petroleum terminal operator at Port Botany has been endeavouring to seek development consent for a new truck loading gantry at its Port Botany terminal to allow faster product discharge. This would add an average of 4 additional trucks per hour to Denison St.

The DPE has required the terminal operator to undertake additional risk assessments specifically in relation to the transportation of DGs on Denison St, against criteria which were not developed for the purpose of the transportation of DGs, but rather fixed DG facilities.

There appears to be a desire to apply restrictions/caps on truck movements on Denison St as part of the conditions of approval for this development.

Such a decision ignores the strategic importance of Denison St as one of two remaining unrestricted access routes servicing the State's container and bulk liquids port – significant economic drivers for the NSW economy.

ALC endorses the points contained in a May 2017 joint presentation from NSW Ports and the NSW Department of Planning and Environment, which noted:

1. Ports are clearly too important to not be part of Metropolitan planning, the viability of which need to be protected.
2. We need a plan and clear direction on what we are planning for at all levels of government.
3. Compromised planning outcomes between industrial and residential uses fails both industry and residents. We need a sustainable land use planning solution that allows industry to operate and expand in order to increase economic activity and jobs. Land use compatibility including land separation.
4. Planning regimes must acknowledge freight as an urban priority. It's important that it gets recognition in planning at a state, regional and local government level.
5. The planning system needs to recognise that the current operational environment will change (particularly 24/7 operations) and therefore impacts could intensify including amenity impacts on sensitive uses. Also that the industry will continue to change and evolve.
6. Retention and protection of industrial and employment lands are required including suitable sizes for freight logistics and port related lands.[11]

11 From NSW Ports and NSW Department of Planning and Environment presentation *To Plan for Freight or not Plan for Freight: That is the question* (5 May 2017)

Although these comments relate to ports, they are equally germane to all forms of transport infrastructure, as well as industries operating on designated employment lands and freight transport corridors.

The salience of corridor preservation has been noted in some jurisdictions, including by Infrastructure Victoria in its *30 Year Infrastructure Strategy*.[12]

ALC agrees with IA's comments in its *Australian Infrastructure Plan*, when it said:

> *The implementation of a national approach to corridor preservation will ensure Australia's governments can deliver critical future infrastructure projects that would otherwise be prohibitively expensive.*
>
> *A national corridor preservation strategy should feature:*
>
> » *Strategic planning and project development to define long-term infrastructure needs (ideally a 50-year timeframe) and identify the necessary corridors;*
>
> » *Stable and independent governance to ensure that the identification, protection and funding of corridors is undertaken in an objective manner, which balances the need to address nearer term priorities with the long-term interests of the community; and*
>
> » *Shared financial responsibility between the Australian Government and jurisdictions so as to minimise the risk of individual governments failing to preserve corridors or reneging on agreements.*[13]

IA's July 2017 publication *Corridor Protection: Planning and Investing for the Long Term* adds to the weight of evidence demonstrating the vital importance of corridor preservation.[14]

Indeed, the Australian Government, in its response to the House of Representatives Standing Committee on Infrastructure and Communications report: *Planning, procurement and funding for Australia's future infrastructure: Report on the inquiry into planning and procurement* noted the importance of protecting land and transport corridors.[15]

Making the right decisions today not only helps to reduce the cost of infrastructure projects in the future, but also avoids community conflict and social dislocation by providing certainty as to land use.

Research commissioned by ALC has established that for every 1% increase in efficiency in the Australian national supply chain there is a $2 billion benefit to the Australian economy.[16]

Accordingly, it is critically important that land use decisions do not adversely impact on the efficient operation of freight infrastructure servicing Australia's supply chains. Regulations that inhibit the movement of freight ultimately inhibit economic growth.

As indicated in the introduction to this submission, the Federal Government has limited constitutional scope to play a role in planning. The main way it can influence planning outcomes is to provide financial incentives to jurisdictions to ensure that appropriate planning decisions are made.

ALC argues the Commonwealth can, and should, use the mechanisms available to it in this regard to do so.

12 *Victoria's 30 Year Infrastructure Strategy*, Infrastructure Victoria, December 2016.

13 Infrastructure Australia *Australian Infrastructure Plan* (2016): 158 - http://infrastructureaustralia.gov.au/policy-publications/publications/files/Australian_Infrastructure_Plan.pdf

14 http://infrastructureaustralia.gov.au/policy-publications/publications/files/CorridorProtection.pdf

15 Australian Government Response to the House of Representatives Standing Committee on Infrastructure and Communications report: *Planning, procurement and funding for Australia's future infrastructure* (http://www.aph/gov/au/Parliamentary_Business/Committees/House/Infrastructure_and_Communications/Planning_and_Procurement/Government_Response): 7

16 ACIL Allen Consulting *The Economic Significance of the Australian Logistics Industry (2014)*: http://austlogistics.com.au/wp-content/uploads/2014/07/Economic-Significance-of-the-Australian-Logistics-Indsutry-FINAL.pdf

A precedent has now been set…

ALC was particularly interested to observe that the 2017/18 Federal Budget papers included the offer of an unspecified amount of money under the Western Sydney City Deal for incentive payments to the state and local governments to support planning and zoning reform, accelerate housing supply and deliver affordable housing outcomes in Western Sydney.

The Budget Papers went on to say that the funding will support the trial incentive payments in the Western Sydney City Deal region, which is facing above average population growth and housing affordability pressures.

ALC believes that now is the time for similar financial incentives to be offered to state and local governments to preserve transport corridors and protect employment lands from the impact of urban encroachment.

Similarly, it's imperative the Commonwealth establishes and clearly articulates the definitive objectives that must be met in any corridor preservation strategy.

Finally, as was discussed in *Charting the Course for a National Freight and Supply Chain Strategy,* if the Commonwealth is to provide national leadership in relation to the management of Australia's supply chains, it must build up expertise in both the complexities involved in the container supply chain, and in urban and regional planning more generally.

While ALC acknowledges that planning powers generally reside with the states, Commonwealth leadership is required to achieve greater national consistency in these matters.

It is therefore appropriate for the Commonwealth to establish a dedicated Freight Strategy and Planning Division within the Department of Infrastructure and Regional Development, staffed with appropriately qualified personnel - particularly skills and experience in planning and the operation of national freight supply chains - to furnish it with the quality advice necessary to provide national leadership and better policy outcomes.

DEVELOPMENT OF INTERMODAL TERMINALS

Investment in infrastructure needs to be focused on the location and potential development of large terminals and warehousing precincts with strong rail and road connections (including short-haul rail services) to and from ports. Terminal designs should take advantage of transport integration and open access principles to ensure the efficient and timely movement of freight in our cities and regions.

The performance of freight rail services is highly dependent on the availability and efficiency of rail freight terminals (relative to road). Existing terminals in key population centres are generally constrained by adjacent land uses. Over time these terminals will need to be complemented by terminals located in areas which are now more consistent with the rail system and industry needs. This includes greater consideration of multi-user operations, land-use requirements, and options to facilitate economies of scale.

Growth in freight will be facilitated by new terminals reflecting the distribution patterns necessary to service population centres. Terminals need to be close to the distribution centres of major retailers and contain reliable rail and road access with sufficient paths to support increasing traffic volumes.

The Inquiry should recommend that governments support the preservation of potential intermodal terminal sites, along with planning for future road and rail connections.

Likewise, it should recommend governments support accelerated investment plans for intermodal terminals, including work towards integrating freight rail and logistics freight hubs.

17 *Budget Paper No 2 2017-18*, Commonwealth of Australia, May 2017: 42.

RECOMMENDATIONS – PLANNING AND ENCROACHMENT ISSUES

1. The Commonwealth should develop criteria to be inserted in any national partnership agreement (or any other form of mechanism used to transfer payments to States and Territories, including City Deals agreements) that require, as a condition of payment:
   a. that planning instruments do not permit land uses precluding transport infrastructure from operating to maximum efficiency, including operation on a 24/7 basis;
   b. clear linkage of road and/or rail infrastructure between employment lands and other clearly identifiable freight generation points and other significant transport infrastructure such as ports, airports and intermodals; and
   c. state and territory planning, environmental and local government legislation and planning instruments be prepared in such a manner so as to give effect to the outcomes set out in paragraphs (a) and (b).
2. COAG develop a finalised National Transport Corridor Protection Strategy that contains clear objectives as to what such a Strategy is to achieve, by no later than 31 December 2019.
3. The Commonwealth establish a dedicated Freight Strategy and Planning Division within the Department of Infrastructure and Regional Development with appropriately qualified personnel (including, in particular, skills and experience in planning, and the operation of national freight supply chains).
4. Governments (at all levels) should support the preservation of potential intermodal terminal sites, and ensure proper planning for future road and rail connections.
5. Governments should support accelerated investment plans for intermodal terminals, including work towards integrating freight rail and logistics freight hubs.

TECHNOLOGY AND DATA

The second most discussed issue throughout ALC's industry consultations on the National Freight and Supply Chain Strategy was the use of technology, and the capturing of data, to improve the efficiency and safety of supply chains.

The development and introduction of technology on freight infrastructure networks should be directed towards the following key objectives:

- enabling improved freight and supply chain performance and safety outcomes;
- ensuring consistency and/or interoperability between infrastructure networks;
- avoiding duplication of technology requirements, including hardware and software; and
- reducing operational costs

During ALC's conversations with industry participants, it has been indicated that opportunities to employ technologies that can assist the movement of freight are 'bobbing up all over the place'.

In particular, industry is eager to encourage the ability to transfer non-proprietary information so as to improve the flow of freight from one end of a supply chain to another, in a manner similar to that which operates through the Hunter Valley Coal Chain.

In so doing, there is a belief within industry that scheduling transport movements down the supply chain becomes no more complicated than 'making an appointment for the doctor'.

A National Freight and Supply Chain Strategy could be the enabling instrument through which the mechanics of such a system could be explored.

There is also a wish to ensure that existing data is harnessed in a more efficient manner. For example, port data, including landside data provided by the Bureau for Infrastructure, Transport and Regional Economics (BITRE) *Waterline* series, is a step in the right direction.

Many maritime industry participants indicated that it would be desirable to have a 'single window' system, akin to the European Port Community System, operating in Australia.

In 2010, APEC Leaders committed to "address impediments to moving goods and services through Asia-Pacific supply-chains …with a view to achieving an APEC-wide target of a ten percent improvement in supply-chain performance by 2015."[18]

In 2012, APEC Leaders recognised "...the importance of addressing unnecessary barriers to trade by advancing regulatory convergence and coherence to achieving our shared objectives of strengthening regional economic integration and ensuring product safety, supply chain integrity…"[19]

Australia currently has several well-developed systems capable of being aligned into one window, and used as a model for APEC Economies to emulate, and would help to deliver the benefits outlined in the 2010 commitment.

During the recent APEC Forum in Vietnam, the technical sub group Asia Pacific Model E-Port Network (APMEN) approved and provided funding to support the full development of this pilot, which is being led by ALC Member, NSW Ports.

It could well be that the BITRE/ABS Data Collection and Dissemination Plan may in the long run form a 'single source of truth' that becomes the backbone of an Australian Port Community System.

While outside the scope of this Inquiry, ALC will also continue to work with the private sector to improve supply chain visibility. This includes working with the industry to develop consistent labelling standards. ALC will also monitor the impact of blockchain technology and its potential application in the freight logistics industry.

18 *2010 APEC Leaders' Declaration*, Yokohama, Japan, 13 November 2010 (http://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.aspx)

19 *2012 APEC Leaders' Declaration*, Vladivostok, Russia, 8 September 2012 (http://apec.org/Meeting-Papers/Leaders-Declarations/2012/2012_aelm.aspx)

CASE STUDY: ALC/GS1 AUSTRALIA SUPPLY CHAIN VISIBILITY STUDY

ALC, through its Technology Committee, in collaboration with businesses, Austroads, GS1 Australia and the Department of Infrastructure and Regional Development, has investigated the benefits to Australian businesses and their supply chains from the use of global data standards to create and transmit information on the events occurring during the physical movement of goods between suppliers and their customers, across multiple transport modes and custody of the freight.

The report – *Austroads Research Report AP-R538-17 – Investigating the Potential Benefits of Enhanced End to End Supply Chain Visibility* was released at ALC Forum 2017.

Use of global data standards has been proven to improve the visibility and traceability of freight. Standards allow a common language to identify the freight, the transport assets and the events during supply chain execution. It enables all parties to gain real time information and to be able to control and manage the freight more effectively. It has also resulted in benefits such as improved planning, efficient operations, improved compliance, product integrity and supply chain analytics.

Public value can also be derived from increased visibility in Australia's supply chains through capacity optimisation and scheduling (terminals; network infrastructure); planning for investment (demand; network utilisation by freight; private sector data); linking real time compliance monitoring (container weights; transport security); and emergency management (real time response data).

It has been found however that logistics service providers are not taking advantage of adoption of global data standards to provide improved visibility, as they perceive cost outweighs benefit. This is due to the prevalence of incompatible bespoke IT systems and non-standard data formats and a lack of collaborative mindset.

The penalty for not adopting open global data standards, which will largely fall on small business, is significant. This avoidable industry cost has been estimated at AUD 1.63 billion, which ALC believes will impact the productivity of the sector.

ALC calls on the Australian Government to support its leadership in industry, by working with small and medium sized logistics service providers to promote the benefits of adoption of global data standards through industry research and awareness programs and promotion of the value of global data standards in Australian supply chains.

NATIONAL FREIGHT PERFORMANCE FRAMEWORK

ALC supports efforts by the Commonwealth Government to quantify aspects of the freight logistics supply chain and create a National Freight Performance Framework

In particular, the proposed new mode-specific indicators, listed in table 1.2 of the *National Freight Performance Framework,* are supported by ALC. This is because they relate to concerns repeatedly raised by members – road access and land use/ encroachment.

Ultimately, ALC would like to see all performance indicators more readily accessible. The availability of clean and easy-to-interpret data should serve to raise awareness of the issues and pinch points in Australia's supply chains.

ALC is also interested in the work currently being completed by BITRE around the collection and use of data to better assess infrastructure priorities.

To this end, ALC supports BITRE taking the lead in developing a National Freight Performance Framework. Combining the National Freight Performance Framework with BITRE's existing work should help to create a specialised area in government that can more accurately measure the performance of Australia's supply chains.

Similarly, consistent with ALC's submission to the National Transport Commission's *Who Moves What Where* Discussion Paper, the Australian Bureau of Statistics should develop a Transport Satellite Account.[20]

20 www.austlogistics.com.au/wp-content/uploads/2017/01/NTC-Who-Moves-What-Where.pdf

The development of such an account would make the analysis of the size and efficiency of the Australian logistics market easier, and so produce the better results that flow from the presence of better information.

AUTOMATION IN THE FREIGHT LOGISTICS INDUSTRY

It is clear the freight and supply chain of the future will be increasingly automated, with connected intelligent transport systems (**C-ITS**) and connected automated vehicles (**CAVs**) being increasingly prominent.

ALC's core objective is the improvement of supply chain efficiency and safety. We believe that, properly managed, increasing automation in the freight logistics industry has enormous capacity to make supply chains safer and more efficient.

Ultimately, freight logistics companies will automate aspects of their operations when doing so makes economic sense. Current examples include the automation works occurring at NSW Ports, and the new automated warehouse being designed by Woolworths.

While opinion varies on the timeline for the introduction and uptake of CAVs, it is fair to say that freight logistics companies will seek to use CAVs when safe and cost effective to do so. Indeed, a report from McKinsey & Co suggests that 80% of parcels will be delivered by autonomous vehicles in the future.[21]

Governments will play a large role in working through the legislative and regulatory framework required to ensure the safe operation of autonomous vehicles. The National Transport Commission is currently working on updating the Australian Road Rules in preparation for the commercial deployment of CAVs.[22] The Department of Infrastructure and Regional Development and Austroads are similarly engaged in work to allow for the safe and legal use of CAVs. The trialling of CAVs is already allowed in South Australia, while legislation to allow the trialling of CAVs has been prepared in other Australian jurisdictions.[23]

With federal and state governments working separately with regards to CAVs, there is the possibility of unnecessary duplication of work and/or different state based requirements to trial CAVs.

To avert this risk, ALC calls for the continued co-operation of federal and state government agencies, as well as proactive engagement the private sector, to ensure consistent legislative and regulatory changes are made across Australia so as to allow the trialling, and then commercial sale, of CAVs across Australia that are fit for the Australian environment.

It is also acknowledged that the Transport and Infrastructure Council's *National Policy Framework for Land Transport Technology: Action Plan: 2016-2019* advocates for supportive regulatory environments, and particularly proposes the removal of barriers to new technology in a proactive fashion, and to wherever possible provide certainty about future regulatory requirements.

In formulating its recommendations, this Inquiry should satisfy itself such a process will be adequately resourced to ensure that increased uptake in technology is not hampered by unnecessary or outmoded regulation.

21 *Parcel delivery – the future of the last mile*, McKinsey & Company, September 2016.

22 *Clarifying control of automated vehicles Discussion Paper*, National Transport Commission, April 2017.

23 *See Road Transport (Safety and Traffic Management) (Autonomous Vehicle Trials) Amendment Bill 2016* (ACT) at http://www.legislation.act.gov.au/ed/db_53368/default.asp

ALC sees government's role is in proactively managing technology implications and impacts to ensure future directions are shaped appropriately, rather than delivered on an ad-hoc basis.

Accordingly, in coming to its conclusions, the Inquiry should consider how the adoption of technology can lead to better transport outcomes.

This would include examining how smart technology (including Smart Cities and the implementation of new workplace technologies and systems) can support growth, improve efficiency and create a more agile and collaborative sector.

RECOMMENDATIONS – TECHNOLOGY AND DATA

6. A project should be developed to identify any technological or competition law impediments preventing the transfer of non-proprietary data so as to improve the flow of freight down a freight chain.
7. As a matter of priority, proceed with the development of a 'single window' system for the exchange of information at ports, suitable for the Australian environment.
8. That work on the National Policy Framework for Land Transport Technology is appropriately resourced so increased uptake in technology is not frustrated by unnecessary or outmoded regulation.
9. The Australian Government identify ways it can assist small and medium sized logistics service providers adopt global data standards in Australian supply chains.
10. The Australian Government should work with industry to promote the benefits of adoption of global data standards through industry research and awareness programs and promotion of the value of global data standards in Australian supply chains.
11. The Bureau of Infrastructure, Transport and Regional Economics (BITRE) should continue to compile their data on freight movements in Australia.
12. The Australian Government, through BITRE, should compile a National Freight Performance Framework, including indicators such as road access and land/use encroachment.
13. The Australian Bureau of Statistics (ABS) should develop a Transport Satellite Account.
14. Continue the co-operation of federal and state government agencies, as well as proactive engagement with the private sector, to ensure consistent legislative and regulatory changes are made across Australia so as to allow the trialling, and then commercial sale, of CAVs across Australia that are fit for the Australian environment.

ROAD

ROAD PRICING AND INVESTMENT REFORM

There is strong support for road pricing reform within Australia's freight logistics industry.

Technological enhancements, such as GPS tracking, now make it easier than ever to monitor vehicle use.

As such, it is imperative that we move to a fairer, more efficient road pricing and investment model where road users pay according to where and when they travel. It is important to note that to be truly effective, road pricing reform will eventually have to apply to all vehicles – not just heavy vehicles.

Pricing and investment reform for heavy vehicles must also be linked to improving the overall productivity and efficiency of freight transport, by ensuring infrastructure funded through new road pricing models meets the requirements of freight operators.

As noted by the Chairman of the Australian Competition and Consumer Commission (ACCC), Mr Rod Sims at ALC Forum 2017, road pricing reform is especially important. It is clear now that fuel excise is no longer raising sufficient revenue to support the road network of a 21st century economy. In ALC's experience, this is the widespread view across industry and government.

Moreover, many in the freight logistics industry are concerned that revenue raised by charges imposed on heavy vehicles is not being used to support the development of freight infrastructure, but being diverted to other government spending priorities.

To maintain the confidence of industry, it is essential that road pricing and investment reform models are transparent and linked to clear infrastructure investment plans.

The Transport and Infrastructure Council (on behalf of COAG) is finalising a number of research projects (generally being conducted by Austroads) to develop an evidence base to allow for the development of a road pricing model adopting a forward looking (lifecycle) cost base for heavy vehicles, with an appropriate entity playing the role of an independent price regulator.

As ALC noted in its submission to the *Discussion Paper on the Independent Price Regulation of Heavy Vehicle Charges*, the regulatory role should be fulfilled by the ACCC, as a truly national body possessed of the requisite levels of expertise the task demands.[24]

However, while it is important for industry to have confidence in the development of a road pricing model for heavy vehicles, it is also imperative that industry is involved in the model **whilst being developed**, and not merely asked for comment at the point a consultation Regulatory Impact Statement (RIS) is put forward.

The presumptions behind the model, including, in particular, what costs are to be recovered as well as the circumstances where costs will be recovered, and community service obligation (CSO) payments, need to be tested early with industry, with any CSO obligations funded by government general revenue and not any road user charge.

This approach is preferable, because experience has shown that by the time a RIS is prepared, opinions are 'locked-in' and prove almost impossible to change.

TOLL ROADS

It is increasingly assumed that there is a 'national standard' that requires heavy vehicles to pay three times the amount of private vehicles to access a private road.

However, such an assumption rests on flawed logic, given the increasing efficiency of heavy vehicles and the reduced impact they have on road surfaces.

It is also an inappropriate impost where some roads may impose the three times 'standard' yet not offer the road user efficient access to freight generation or destination points.

Freight is highly inelastic to tolls as a demand-management tool. This means that where tolls are in place, governments are essentially 'double-dipping' by requiring heavy vehicles to pay both tolls and the Road User Charge.

24 http://www.austlogistics.com.au/wp-content/uploads/2017/07/ALC-Submission-to-the-Land-Transport-Market-Reform-Group.pdf

In a recent appearance before a NSW Parliamentary Committee, the NRMA suggested that, with regards to toll roads:

> *The calculation, indexation and application of user charges must deliver the following: be transparent, including the user charge at commencement and escalation mechanism; consider wear and tear caused by different vehicle types; encourage and provide greater mobility choice; and make provision for future use of the demand of assets, including investment requirements.*
>
> *The mechanisms of various user charges could be independently calculated by the Independent Pricing and Regulatory Tribunal [IPART] or a similar independent organisation. We believe that is very important.*
>
> *It must consider the whole-of-life asset cost and maintenance and incentives for behavioural change. Tolling is not the primary issue. We believe the real issue is value and fairness and transparency of the project delivery. There are presently issues and disparities with the current arrangements that need to be solved. A supported broad-based model has the potential to provide fairness for all users, a wholesale review of pricing arrangements across the network is necessary*.[25]

Given the monopoly aspects of toll roads, the Inquiry could consider whether these issues should be addressed at the national level.

ACCESS

Whilst the National Harmonisation Program[26] being undertaken by the National Heavy Vehicle Regulator (**NHVR**) is making progress in providing heavy vehicles with increased access to routes, ALC members nevertheless continue to report long delays in obtaining permits and in getting access to the road network.

The Inquiry may wish to consider whether the road access provisions of the *Heavy Vehicle National Law* require streamlining.

NATIONAL CONSISTENCY IN HEAVY VEHICLE REGULATION

There is general recognition throughout industry that a nationally-consistent approach to the regulation of heavy vehicles is desirable.

State and territory governments have previously indicated their support for such an approach – but there are still occasions when state jurisdictions deviate from this objective.

Similarly, the National Heavy Vehicle Regulator does not have the authority to enforce common approvals and, where there is a business case, to require jurisdictions to approve permits.

The Inquiry should recommend that state and territory governments recommit to a national regulatory model for heavy vehicles.

25 NSW Legislative Council Portfolio Committee Number 2 (Health and Community Services) Inquiry Into Road Tolling 22 May 2017 pp.2-3 - https://www.parliament.nsw.gov.au/committees/DBAssets/InquiryEventTranscript/Transcript/9948/Transcript%20-%2022%20May%202017%20-%20CORRECTED.pdf

26 Explained here: https://www.nhvr.gov.au/files/201705-0527-harmonisation-program.pdf

SAFETY AND TECHNOLOGY

ALC has long championed the development of tools that improve the safety, efficiency and sustainability of freight movement on Australian roads.

ALC members have consistently argued that for safety and efficiency purposes it should be mandatory for road transport operators to electronically collect some forms of safety information (particularly speed and times of operation).

It may also be the case that technology will prove the most efficient way to determine the road charge liability of a heavy vehicle owed under any revised road charging system ultimately developed.

A National Freight and Supply Chain Strategy should encourage exploring the type of electronic systems that could be employed to collect data for regulatory purposes such as road pricing, as well as recording heavy vehicle safety data.

RECOMMENDATIONS – ROAD

15. Work on developing a road pricing model adopting a forward looking (lifecycle) cost base for vehicles, with an appropriate entity (preferably the ACCC) playing the role of an independent economic regulator, should be expedited.
16. Industry should be formally involved in the development of any road pricing model prior to the publication of a consultation regulatory impact statement (RIS), so as to ensure workability.
17. Prior to that, the principles guiding the development of the road pricing model be clearly articulated as early as possible.
18. Any community service obligations placed on road owners by government be funded from general government revenues and not from any new road user charge.
19. An inquiry should be undertaken to determine whether the pricing arrangements for toll roads developed under agreements between governments and private entities should be subject to supervision from an entity such as the ACCC.
20. The road access provisions of the Heavy Vehicle National Law should be reviewed to identify and enact improvements to the system so as to improve consistency and speed in decision making.
21. The Inquiry should recognise the NHVR does not currently have the authority to enforce common approvals or to require jurisdictions to approve permits – and identify possible solutions.
22. State and territory jurisdictions should recommit to adopting a consistent national model for the regulation of heavy vehicles.
23. An inquiry should be established exploring the best manner by which data for regulatory purposes such as road pricing and heavy vehicle safety information can be collected and used.

RAIL

INLAND RAIL

Inland Rail is critical to Australia's freight future given the expectations of the growth in the freight task. The Inland Rail Business Case has now been positively assessed by IA and the project has been included on the Infrastructure Priority List.

The business case confirmed economy-wide modelling showing that Inland Rail will increase gross domestic product by $16 billion during its 10 year construction and the first 50 years of operation. It is therefore important to look at this project in a holistic and genuinely national manner.

For instance, IA identified a dedicated freight rail connection to the Port of Brisbane as a High Priority Initiative in its 15 Year Infrastructure Plan.

A holistic approach to Inland Rail would suggest that government should support a dedicated freight rail connection to the Port of Brisbane.

The Port of Brisbane is a vital economic asset for Queensland and for the nation, most particularly for agricultural and resource sector exports. Its importance will increase significantly in the years ahead, with international demand for Australian export products expected to rise.

The best way to reap the full benefits from the substantial public investment now being made in Inland Rail is to undertake the work that will seamlessly link this project with the Port of Brisbane.

To achieve this, it will be necessary to preserve a corridor that will permit an alternative, dedicated freight rail connection from the Inland Rail route right through to the Port of Brisbane.

This will not only improve the reliability of Inland Rail, but forms an important element of reducing congestion on Brisbane's passenger rail network, by establishing a separate track for freight.

Infrastructure Australia estimates potential savings of up to $66 million on the cost of constructing such a link could be achieved if governments act now to protect this freight corridor.[27] Of course, it is equally important to preserve land and corridors in Melbourne, to permit development of an interstate freight terminal that will enable a port-to-port connection for Inland Rail.

Inland Rail will also ultimately encourage the development of inland rail hubs, and so it follows that the holistic approach would encompass encouraging the delivery of efficient rail connections from these inland hubs to the NSW ports of Newcastle, Port Botany and Port Kembla.

Such an approach will permit users to choose the best and most efficient freight chain to move goods from generation point to port and will also reduce the restraints on double stacking particularly between Parkes and Sydney.

Finally, to provide the freight logistics industry with the certainty it needs to make investment choices relating to Inland Rail, it is imperative that the alignment of the route is finalised as soon as possible. Continuing delays on this aspect of the project are a major concern for industry.

The Inland Rail Route was surveyed and planned seven years ago, in 2010, and the business case for Inland Rail was developed based on that route. Consequently, many organisations have made investment decisions about locating new freight infrastructure based upon that route. This includes projects such as InterLinkSQ's intermodal facility, which is already under construction near Toowoomba.

To alter the planned route now would retrospectively penalise those investors, undermine the business case for Inland Rail and risk yet more delay to a project that has already been decades in development.

SHORT HAUL RAIL

Many ALC members are committed to operating in this market sector.

Moving more freight to rail, where it makes sense commercially, has the potential to significantly improve freight efficiency, while at the same time, improving urban amenity, reducing road congestion and decreasing queuing times at ports.

Accordingly, it is important that government has in place the capacity to identify projects that can facilitate these productivity enhancing outcomes.

This includes investing in and promoting projects such as the duplication of the Port Botany rail line, which will assist in addressing Sydney's rising congestion issues and support the NSW Government's vision to double the amount of freight moving to and from Port Botany by rail, which currently sits at 19.3%; and NSW Ports' target to move 3 million TEU by rail over the longer term.

27 Infrastructure Australia, http://infrastructureaustralia.gov.au/policypublications/publications/files/CorridorProtection.pdf: 27.

Moreover, BITRE has recently published a report entitled *Why Short Haul Intermodal Rail Services Succeed*, which found that vibrant value adding hinterland terminals can secure the traffic volumes that are required for short haul rail to have competitive line haul costs.[28]

BITRE also reports that relative competitiveness is strengthened when there are deficiencies in truck haulage and that a coalition of diverse interest groups may seek, and thus support, vibrant terminals and complementary rail services. Governments are making tentative steps towards investing in suitable projects.

These are all considerations that need to be recognised when determining if short haul rail services can become a competitive option.

The proposed Port Rail Shuttle in Victoria is one such example. The federal government committed $38 million to the Port-Rail Shuttle project in Victoria, topped up by $20 million from the Victorian Government, which will create a rail connection between the Port of Melbourne and three inland ports.

The Inquiry should recommend greater government focus and investment in the use of port shuttle/ short haul rail infrastructure as a means to improve supply chain efficiency and reduce congestion.

On a related note, the Inquiry should recommend governments (at all levels) work to ensure rail access to major ports.

RAIL ISSUES GENERALLY

More generally, industry members see that a greater harmonisation in rail regulation would make it easier for operators to meet regulatory requirements, particularly around safety and environmental issues.

During 2014 and 2015, work was directed towards developing what was originally called a 'national rail vision', which then turned into a discussion on the Australian Government's Freight Rail Objectives.

Some of this work canvassed issues such as greater harmonisation within the rail industry as well as the broader role of rail in the freight effort.

The Transport and Infrastructure Council published a summary of proposed rail activities as part of what was called a National Rail Work Program contained in a document called *National Rail Vision and Work Program.*[29]

The issues canvassed in this paper were frequently raised throughout the discussions that ALC has held with stakeholders on the contents of the National Freight and Supply Chain Strategy.

Regrettably, despite widespread industry support, the push for a national rail freight agenda seems to have stalled in recent times. The Inquiry should recommend that this process be reinvigorated by government.

As a point of principle, the Commonwealth should insist that as a condition of receiving funding for rail projects, no additional level crossings be incorporated in the design of projects.

TRACK SEPARATION

One area not canvassed in the National Rail Vision, but raised by industry participants, is track separation.

In a perfect world, the infrastructure used to transport freight would be entirely separate from the infrastructure used for passenger and private transport.

The reality is that most transport infrastructure in Australia is used for both freight and passenger transport.

Roads are the obvious example - when trucks, buses and cars use the same roads, it leads to congestion and increases the chances of a road accident occurring.

The separation of freight and passenger transport infrastructure should be a desirable outcome for the Australian Government. The benefits of separation, for both freight and passenger transport, include travel time savings, increased efficiency and increased safety.

To that end, freight rail projects that also deliver such benefits for passenger rail networks should be eligible to receive funding support from the Commonwealth Government's *National Rail Program* for rail projects in urban areas.

28 See https://bitre.gov.au/publications/2016/rr_139.aspx

29 http://transportinfrastructurecouncil.gov.au/publications/files/National_rail_vision_and_work_program.pdf

TRAIN/NETWORK MANAGEMENT SYSTEMS

Productivity improvements and effective technological development and implementation are critical to ensure the freight rail sector continues to be an efficient and effective transportation mode.

Given the high-cost outlay required to adopt new technologies, government support is required to ensure uptake and investment continues. A nationally consistent approach to network control and communications management systems has the capacity to provide the industry and economy with better transport outcomes by:

- improving the capacity of the rail network;
- enhancing operational flexibility;
- increasing train service availability;
- improving transit times and rail safety, and
- upgrading system reliability.

ARTC's Advanced Train Management System (ATMS) is an example of a project that has the potential to transform the way freight rail infrastructure is both managed and monitored.

The Inquiry should recommend the Commonwealth make investments to support its development, to drive greater safety and productivity in the freight rail industry in the interstate network once in operation.

STANDARDISATION OF RAIL FREIGHT NETWORK

Both track quality and gauge have a significant impact on rail freight services and create restrictions on a range of operational conditions, including maximum speed, loading and use of a single set of rolling stock across the network.

Due to the historical development of Australia's rail network, gauges were developed around a state-based transport need and today remain disjointed. This results in barriers to competition, efficiency and capacity.

To address this, ALC recommends moving towards standard gauge conversion, where possible, when considering rail freight network enhancements.

RECOMMENDATIONS – RAIL

24. The Inland Rail project proceed so as to ensure a fully integrated capacity to move freight seamlessly between the Port of Brisbane and the Port of Melbourne (including preserving the corridor for the alternate freight rail connection to the Port of Brisbane), as well as the development of inland rail hubs to encourage efficient rail connections between these hubs and the NSW ports of Newcastle, Port Botany and Port Kembla.
25. The Inquiry should recommend greater government focus and investment in the use of port shuttle/short haul rail infrastructure as a means to improve supply chain efficiency and reduce congestion.
26. Governments (at all levels) should ensure rail access to major ports.
27. As a matter of urgency, funding should be provided for the duplication of the freight rail line at Port Botany.
28. Work on the *National Rail Vision* should be expedited, with a view of establishing a national freight rail policy by no later than 31 December 2019.
29. The issue of track separation should be given heightened importance in the development of any such national freight rail strategy.
30. Freight rail projects which also deliver substantial benefits for passenger rail should be eligible to receive funding support from the Commonwealth Government's *National Rail Program* for rail projects in urban areas.
31. The Commonwealth should provide additional investments to facilitate the harmonisation of digital train/network management systems.
32. The Inquiry should recommend governments move towards standard gauge conversion, where possible, when considering rail freight network enhancements.

MARITIME

Shipping channels are a critical part of the supply chain and port authorities have a direct interest in the adequacy of shipping channels and at port berth pockets.

In many cases, the management and maintenance of shipping channels rests with government authorities (or sometimes shared by port operators).

As indicated in the Port Development Strategy Ministerial Guidelines published by the Victorian Government for the purposes of the *Port Management Act 1995*:

> *Port authorities have an interest in identifying future channel requirements through:*
>
> *i. understanding shipping trends and port user requirements in terms of ship sizes and adequacy of channel configurations and depths and the likelihood of required capital works improvements; and*
>
> *ii. identification of the need for channel maintenance or navigational improvements required for safety or functional purposes.*[30]

The efficient operation of shipping channels should be valued as highly as the efficient operation of roads and railway lines.

COASTAL SHIPPING

There are a number of competing views as to how cabotage should be regulated in Australia.

It is acknowledged that this is an issue that has been reviewed over the last few years.

However, ALC members continue to advise the current law makes coastal shipping cost prohibitive on certain key domestic routes, such as Brisbane-Townsville, thus reducing consumer choice and creating artificial barriers to supply chain efficiency.

At some point in the future, a full cost benefit analysis should be undertaken to determine whether current coastal shipping laws offer a net public benefit. Particular consideration needs to be given the different requirements of bulk commodities versus containers.

In particular, such a review should determine whether the changes made by the *Coastal Trading (Revitalising Australian Shipping) Act 2012* delivered the desired outcomes.

RECOMMENDATIONS – MARITIME

33. An audit should be conducted on the adequacy of the shipping channels maintained for current Australian ports.
34. A cost-benefit analysis should be conducted on Australia's present coastal shipping regime – particularly whether the changes made by the *Coastal Trading (Revitalising Australian Shipping) Act 2012* delivered the desired outcomes.

30 Victorian Government *Gazette* S240, 10 July 2017:5 - http://www.gazette.vic.gov.au/gazette/Gazettes2017/GG2017S240.pdf

AIR FREIGHT

CURFEWS AT AUSTRALIAN AIRPORTS

The air freight task continues to increase in Australia, particularly as the consumer habits change with the growth of e-Commerce, and demand for rapid delivery of perishable goods from Australia to burgeoning Asian markets grows.

It is imperative that like all transport infrastructure, airports should operate as efficiently as possible.

To that extent, it is pleasing that the intention is for the new Western Sydney Airport to operate on a 24/7 basis.

However, this is not the case at all airports. Both Sydney's Kingsford-Smith and Adelaide's airport operate under curfews imposed through federal legislation.[31] Some of these provisions are simply impractical in a modern economy with a rapidly growing freight task.

As an example, Section 13 of the *Sydney Airport Curfew Act 1995* only permits (effectively) BAe-146 aircraft to operate during curfew periods.

Where no such aircraft is available, air cargo is left stranded, causing significant impacts on regional Australia as it is left with no time critical overnight express services.

With improving aircraft technology – particularly relating to noise – it is time to revisit the very restrictive nature of the curfew legislation that is in force.

GST ON LOW-VALUE IMPORTS

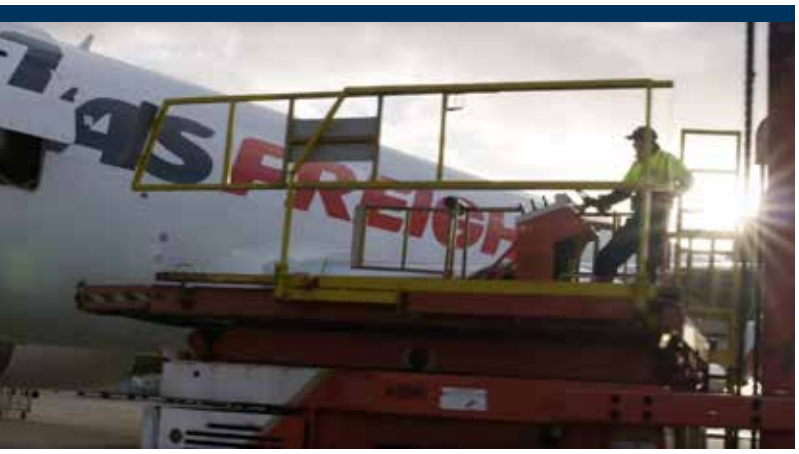
ALC notes that the Commonwealth Parliament has voted to delay the imposition of GST on low-value imports until 1 July 2018.

ALC and its members trust this delay will not be used to reconsider the collection mechanism previously settled upon – namely, requiring GST to be collected by overseas internet retailers themselves.

Any attempt to shift to a collection model that requires GST to be collected at the border will impose significant additional costs upon air freight logistics operators, as they would be expected to identify shipments that would become subject to GST and undertake the subsequent reconciliation of records.

These charges would be in addition to the costs that would be incurred by operators forced to store goods on which GST had not been paid, until such time as the purchaser rectifies that situation.

The Government already expects air freight operators to undertake significant capital outlays to comply with the conditions required to become (or remain) a Regulated Air Cargo Agent (RACA).Those costs should not be further added to by shifting the cost burden associated with collecting revenue on behalf of the government onto air freight logistics operators.



RECOMMENDATIONS – AIR FREIGHT

35. Current laws relating to curfews on aircraft movements at Australian airports should be reviewed.
36. The Inquiry should reaffirm the view that responsibility for collecting GST for low value imported goods should be collected by overseas vendors and not by air freight operators or registered air cargo agents.

31 *Adelaide Airport Curfew Act 2000* and *Sydney Airport Curfew Act 1995*

CBD FREIGHT DELIVERY

Australia is one of most highly urbanised countries in the world.

The growth in CBD traffic congestion – stemming from significant residential and employment growth in inner-city areas – presents significant challenges for freight operators undertaking deliveries in CBD areas.

This will become an increasing issue as the default behaviour of millennials of ordering goods online and expecting home delivery becomes an increasing norm.

Indeed, the larger our cities grow the larger the freight task gets. Accordingly, if we wish to grow our cities, we must adopt policies which can support an increasing freight task.

Increasing competition between passenger and light vehicles in a congested road network is significantly adding to business costs. This circumstance flows directly from a lack of investment and from insufficient consideration of freight movement in our current planning regimes.

A lack of adequate street loading zones, as well as new residential and commercial buildings with poor (or non-existent) freight delivery facilities are likewise making CBD delivery a more cumbersome and costly exercise.

Remarkably, large scale sites have been developed around Australia over recent years which do not incorporate a loading dock. Industry is also concerned that there is a lack of consultation when loading zones are introduced, relocated or removed.

While it sounds good in theory, delivering freight after-hours (so as to use the roads when least congested) brings about a multitude of other challenges. These include the continuing imposition of curfews or outright bans on vehicle movements in parts of our major cities. Freight delivery after-hours also poses safety concerns for drivers, as there is less passive surveillance due to fewer cars on the road and fewer people on the footpath. After-hours delivery also can't satisfy growing consumer demand for same day service.

Perversely, the growing problems facing freight delivery in Australian cities is occurring during a period where growth in e-commerce is fuelling expectations among many consumers of faster delivery timeframes and lower shipping costs.

To help ease the pressures on CBD freight delivery, Australia could examine the trialling of urban consolidation centres.

Such trials could be facilitated by the Commonwealth through the provision of incentive payments to state and territory governments that amend planning schemes to support the operation of such facilities.

Continuing investment in infrastructure allowing access from distribution centres to CBD's is critical if we are going to successfully meet an increasing freight task. In this respect, 'Truckways', truck-only lanes, or some other form of freight-only infrastructure should be considered by governments to improve freight delivery and decrease congestion and emissions in high demand environments. Additionally, 'reverse curfews' could be considered, which would provide freight vehicles with the right of access to parts of the road at non-peak times, in order to improve efficient deliveries.

Curfews and other regulations which prohibit freight delivery (or make it unreasonably difficult) should also be reviewed. Although these matters fall within the ambit of state and local governments, there is scope for the Commonwealth to provide incentive payments to reward good regulatory practice in this regard.

As IA has previously noted, there is a need to prioritise investments that address bottlenecks and pinch points in existing freight networks:

> *Recommendation 3.5: All governments should establish targeted investment programs focused on removing first and last mile constraints across the national freight network. These investments should be informed by the findings of the recommended National Freight and Supply Chain Strategy.*[32]

32 *Australian Infrastructure Plan, Infrastructure Australia, February 2016* : http://infrastructureaustralia.gov.au/policy-publications/publications/files/Australian_Infrastructure_Plan.pdf (p. 56)

ALC supports this view – and suggests such an approach be extended to not only focus on first and last mile issues, but also on particular sections of a freight corridor where speed or capacity restrictions inhibit the efficiency of the overall freight network.

RECOMMENDATIONS – CBD FREIGHT DELIVERY

37. The Commonwealth Government examine opportunities to support the trialling of urban consolidation centres in Australia.
38. Investment in infrastructure allowing access from distribution centres to CBDs, such as 'Truckways', truck only lanes, or some other form of freight-only infrastructure should be considered to improve freight delivery and decrease congestion and emissions in high demand environments.
39. The Inquiry should recommend a formal review designed to identify regulations and practices (such as curfews) that preclude the essential delivery of freight in inner-urban environments.
40. The Inquiry endorse IA's recommendation that governments should establish targeted investment programs focused on removing first and last mile constraints across the national freight network – and expand upon it by recommending governments also focus on particular sections of a freight corridor where speed or capacity restrictions inhibit the efficient movement of freight.

THE ROLE OF THE ACCC

The Land Transport Market Reform Group Paper *Independent Price Regulation of Heavy Vehicle Charges* anticipates that the ACCC is likely to have a role in the economic regulation of heavy vehicle road pricing.[33]

As indicated earlier in this submission, ALC supports that view.

Separately, there have been increasing calls by some within the freight logistics industry for the ACCC to play a role in access and pricing decisions relating to ports and rail access.

The ACCC has also been an active participant in debates relating to the pricing structures used at privatised ports around the nation,[34] and it already plays a part in providing 'light handed' monitoring of the price of some aeronautical services, such as airside freight handling and staging areas.[35]

Given this increasing involvement, it is imperative that the ACCC be sufficiently resourced with both appropriate funding and personnel (with actual expertise in logistics) so it is able to discharge its duties effectively, cognisant of the many specialist and complex issues relevant to the freight logistics industry.

The Inquiry should therefore assure itself the ACCC has the capacity to play an enhanced role in promoting the efficient operation of the Australian supply chain.

RECOMMENDATIONS – THE ROLE OF THE ACCC

41. The Inquiry should recommend the ACCC be properly resourced, both with funding and personnel possessing actual expertise in logistics, enabling it to discharge its duties effectively, cognisant of the many specialist and complex issues relevant to the freight logistics industry.

33 https://infrastructure.gov.au/roads/heavy/files/IPR-Discussion-Paper.pdf

34 See *Ports: What Measure of Regulation* - speech by ACCC Chairman Rod Sims at Ports Australia Conference, Melbourne 20 October 2016: https://www.accc.gov.au/speech/ports-what-measure-of-regulation

35 See ACCC *Airport Monitoring Report 2015-16* (March 2017): https://www.accc.gov.au/system/files/2015-16%20AMR%20revised%206%20March_0.pdf

ATTACHMENTS

ALC Forum 2017 – Getting the Supply Chain Right

COMMUNIQUE

More than 280 leaders from Australia's logistics industry, including major transport companies, policy-makers and academics, gathered at the ALC Forum in Melbourne from 7 to 9 March 2017 to discuss ideas, policies, solutions and technological developments that will help the industry focus on ***Getting the Supply Chain Right***.

Discussions at the Forum encompassed all aspects of the supply chain, and the event was an opportunity for delegates to examine, in a holistic way, the challenges and opportunities facing the logistics industry.

You can view the introductory video for the Forum **here**.

The Forum also constituted the first industry-wide gathering of the logistics sector's key representatives since Prime Minister Malcolm Turnbull confirmed in the November 2016 Annual Infrastructure Statement that the Federal Government will develop a National Freight and Supply Chain Strategy.

Accordingly, the focus of the Forum was firmly on what should be contained within the Strategy, and how to continue building recognition of its importance for the national economy as a whole.

The Minister for Infrastructure and Transport, the Hon. Darren Chester MP, also took the opportunity to announce the **terms of reference** for the *Inquiry into National Freight and Supply Chain Priorities*.

The Minister **confirmed** that the Draft Report will be released for industry comment in December 2017, with the Final Report due in the early months of 2018.

This Inquiry will hear from a range of industry and government experts, as well as examine Infrastructure Australia's **Australian Infrastructure Plan**, state freight and port strategies and the National Land Freight and Port strategies. These should play a critical role in informing the development of the National Freight and the Supply Chain Strategy.

During his speech to the ALC Forum, Minister Chester also **announced** the formation of an expert panel to advise the Government on the development of the Strategy.

Three outstanding logistics industry leaders have been appointed to the panel: Marika Calfas, Chief Executive Officer, NSW Ports; Maurice James, Managing Director, Qube Holdings; and Nicole Lockwood, Chair, Freight and Logistics Council of Western Australia.

The first two of these appointments are Directors of ALC, and the third was also a speaker at the Forum. This underscores the fact that ALC is the leading industry organisation promoting safe and efficient freight and supply chains in Australia.

Discussions at the Forum demonstrated a remarkable consensus across the industry about the urgent need to develop a National Freight and Supply Chain Strategy, as well as what needs to be incorporated within it.

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The economic and employment opportunities created through recent free-trade agreements and increasing freight efficiency within Australia are too important to squander through poor freight planning and bureaucratic inefficiency.

A detailed summary of the Forum's major outcomes and points of agreement is available **here**.

The content of the discussions that occurred during the Forum will now be used to inform the development of ALC's submissions to the Federal Government's Inquiry into freight and supply chain priorities.

The logistics sector must work effectively and cooperatively on the development of the National Freight and Supply Chain Strategy.

It is now up to all of us to engage with the wider community, to help demonstrate that a safer and more efficient supply chain results in benefits for everyone. In a modern society such as ours, no Australian can afford to be without ready access to an effective supply chain.

As the Inquiry is undertaken in the months ahead, ALC will continue playing a leading role to ensure that what ultimately emerges meets the needs of both the industry and the nation.

This will include holding a series of detailed workshops covering many of the issues discussed, so that the advice we provide to government is properly focused and addresses the real needs of the logistics industry.

ALC Forum 2017 was a crucial first step in what will be an intensive effort in the year ahead to develop the National Freight and Supply Chain Strategy.

It is clear that there is enormous enthusiasm across the logistics sector about the development of this Strategy.

Our key challenge now is to convert that enthusiasm into momentum for real action, and ensure that the Strategy ultimately delivers a supply chain that will produce significant national economic and social benefits.

Wednesday, 15 March 2017

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

AUSTRALIAN LOGISTICS COUNCIL
SUPPLY CHAIN EFFICIENCY AND SAFETY

CHARTING THE COURSE FOR A NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY

AN INDUSTRY PERSPECTIVE
ALC WORKING PAPER 2
JUNE 2017

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CONTENTS

ALC MEMBERS 2

INTRODUCTION 3

GETTING THE SUPPLY CHAIN RIGHT 5

ALC FORUM– MARCH 2017 6

KEY PRIORITIES FOR THE FREIGHT LOGISTICS INDUSTRY 7

– PLANNING AND ENCROACHMENT ISSUES 7

– TECHNOLOGY 9

– RAIL AND INTERMODAL ISSUES 11

– ROAD PRICING 12

CHARTING THE COURSE 13

CONCLUSION 17

ATTACHMENTS 19

ALC MEMBERS

Corporate members

ARTC
Brookfield Rail
coles
DGL
NSW Ports
pacificnational
PORT of BRISBANE Here for the future
QANTAS FREIGHT
QUBE
SCF BUILT TO CONTAIN
TOLL
Woolworths The fresh food people

Associates

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CHEP A Brambles Company
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Australian Food and Grocery Council
ACRI Australasian Centre for Rail Innovation
GS1 Australia
IANA Intermodal Association of North America
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LOGAN office of Economic Development

Honorary fellows

- Andrew Ethell, March 2017
- Don Telford, March 2016
- Ingilby Dickson, March 2015
- Ian Murray AM, March 2012
- Paul Little AO, February 2011
- Peter Gunn AM, February 2011
- Ivan Backman AM, May 2010
- David Williams OAM, May 2010

INTRODUCTION

Although the words of our national anthem speak of our nation having "boundless plains to share", the lived experience of Australian society over recent decades points to increasing levels of urbanisation. Effectively, this means we are trying to do more in a limited physical space.

In particular, a resurgence in the desirability of inner-city living, coupled with rapid rates of population growth, have conspired to present some urgent challenges for our freight logistics industry.

The essential items which most Australians take for granted in everyday life – food to eat, household appliances, clothing, medications and automobiles to name just a handful – are generally not grown or manufactured close to the cities where most of us live.

These commodities must be transported from their point of origin to the retailers from which we purchase them, or otherwise delivered directly to our doorsteps from ports, freight depots or warehouses.

Yet, as we create more populous cities, it is fast becoming apparent that our existing planning regimes and approaches to development are failing to adequately prioritise the movement of freight.

The congested state of many major freeways and key arterial roads, as well as traffic gridlock within cities themselves, is a constant source of annoyance for many Australians. However, more than simply being an irritation, these problems are symptomatic of a far deeper issue.

Capacity constraints in the road network are not only a problem for motorists – they also impose significant costs on the freight logistics industry.

The disruption to the supply chain that occurs because of road congestion, as well as capacity issues afflicting ports, airports and rail freight facilities all have an impact on the cost of moving freight – and ultimately, the prices paid for goods by Australian consumers.

Indeed, congestion on our roads alone is already costing the Australian economy some $16 billion a year. Without remedial action, that cost is projected to rise to more than $50 billion each year.[1]

With the National Transport Commission projecting Australia's freight task will grow by 26% over the next decade alone, it's clear that unless corrective steps are taken quickly, the safety and efficiency of Australia's supply chains are at enormous risk.

In the lead-up to the 2016 Federal Election, the Australian Logistics Council (ALC) urged the development of a comprehensive National Freight and Supply Chain Strategy to address these challenges, and the Federal Government agreed to undertake the development of such a Strategy in the November 2016 Annual Infrastructure Statement.

The consultation process for the Strategy is now underway, and ALC has been proactive in working with its members and other key supply chain participants to identify the issues the Strategy must address.

Already, it is clear that one core aspect of the Strategy must be to overcome the regulatory and investment barriers that are currently limiting our capacity to achieve better outcomes.

Australia's supply chains do not stop at state borders. Our economy is a national one – and accordingly, it is time for a nationally consistent approach to improving supply chain safety and efficiency.

One of the most significant issues in this regard pertains to planning, and specifically the impact of urban encroachment on our freight and supply chains. Poor planning decisions made in the past already impose additional costs for freight operators and consumers today.

Put simply, the logistics industry will not be able to meet Australia's growing freight task if transport infrastructure and freight facilities are subjected to increasingly onerous restrictions on their use, such as curfews, prohibitive speed limits and the failure to preserve freight corridors.

Ultimately, the rising costs associated with such limitations will be paid by consumers in the form of higher prices, and by all Australians though lower rates of economic and employment growth.

We must do more to ensure our urban planning structures properly account for the need to deliver goods to those people living in our cities – today, and into the future.

1 *Australia's Economic Future: An Agenda for Growth,* CEDA, June 2016 (p. 42) - http://adminpanel.ceda.com.au/FOLDERS/Service/Files/Documents/30867~CEDAAEFJune2016Final.pdf

In the past, Australian governments have developed strategies targeting particular modes of freight transport, including the National Ports Strategy and the National Land Freight Strategy. Likewise, state governments have also produced freight and port strategies.

While these documents were well considered and went some way towards developing a coherent national approach to the Australian supply chain, now is the time to develop a comprehensive blueprint that clearly identifies the challenges confronting the nation's supply chains, and which sets out practical solutions for dealing with those challenges.

In ALC's view, the National Freight and Supply Chain Strategy must not become 'just another report'.

What ultimately emerges must be a comprehensive, dynamic blueprint that emulates and expands the depth of the 2012 National Ports Strategy across all modes of freight transport.

This will make it easier for future governments at all levels to get the policy settings right, and to ensure the nation's supply chains are meeting the needs of consumers and our economy alike.

A National Freight and Supply Chain Strategy will help to make sure we are able to derive full economic benefits from our existing freight infrastructure, by having it operate as efficiently as possible, for as long as possible. Significant long-term investments made by those in the freight logistics industry must be respected by governments at all levels.

This point was echoed by Infrastructure Victoria in its *Advice On Securing Victoria's Ports Capacity*.[2]

A comprehensive Strategy will also provide additional impetus for industry to continue pursuing key initiatives such as the electronic collection of heavy vehicle speed and movement data, which will help drive better planning and investment decisions.

This will complement the development of key safety initiatives in the industry, such as a registered industry Master Code of Practice under the Heavy Vehicle National Law.

ALC is currently working with other industry partners to establish such a Master Code, helping all supply chain participants from consignors and consignees, to heavy vehicle operators to ensure the safe operation of the supply chain.

Research commissioned by ALC has established that for every 1% increase in efficiency in our national supply chain, there is a $2 billion benefit to the Australian economy.[3]

In an environment where strengthening economic growth and creating job opportunities is vital, that alone is a compelling reason to ensure we get the National Freight and Supply Chain Strategy right.

TALKING TO INDUSTRY

In ALC's view, a comprehensive and dynamic National Freight and Supply Chain strategy requires a comprehensive and dynamic consultation process to help guide its development.

Accordingly, ALC has been working closely with its members and with other key supply chain participants over the past year to clearly identify industry's priorities for the content of the Strategy.

The material that follows sets out some of the issues and themes that have emerged in those discussions to date.

It helps to provide a view of some of the day-to-day challenges experienced by those working within Australia's freight logistics industry, as well as some industry-led suggestions as to how those challenges might be addressed.

2 *Advice On Securing Victoria's Future Ports Capacity,* Infrastructure Victoria, May 2016 (http://www.infrastructurevictoria.com.au/sites/default/files/images/Securing%20Victoria's%20ports%20capacity%20-%20FINAL%20WEB_0.PDF)

3 *The Economic Significance of the Australian Logistics Industry*, ACIL Allen Consulting, 2014 (http://austlogistics.com.au/wp-content/uploads/2014/07/Economic-Significance-of-the-Australian-Logistics-Indsutry-FINAL.pdf)

GETTING THE SUPPLY CHAIN RIGHT

In May 2016, ALC published its election priorities document, *Getting the Supply Chain Right.*[4]

It identified six separate areas critical to ensuring Australia has appropriate national regulation and infrastructure in place to meet Australia's future freight challenges.

» structure;
» planning;
» rail;
» road pricing;
» road safety; and
» technology

It also canvassed a number of pertinent issues, which it said should be priorities for an incoming government.

With regards to **urban encroachment**, ALC observed that an efficient freight chain needs to operate 24 hours, 7 days a week. Urban encroachment, lack of buffer zones and land separation setbacks have the ability to impact on the efficient operation of freight related infrastructure.

To address this, ALC urged the incoming government to support Infrastructure Australia's call to develop a **National Corridor Protection Strategy**.

On **Inland Rail and short haul rail**, it noted that Inland Rail is critical to Australia's freight future given the expectations of growth in the freight task, with ALC members committed to operating in the short haul rail market sector.

This is because moving more freight to rail (where it makes sense commercially) has the potential to significantly improve freight efficiency, while at the same time, improving urban amenity, reducing road congestion and decreasing queuing times at ports.

ALC accordingly called on the incoming government to identify, support and promote opportunities where short haul rail services may offer freight chain efficiencies, which includes ensuring state-based planning instruments promote efficient linking of ports with intermodal terminals, as well as buffer zones and land use setbacks from rail corridors.

Regarding **road pricing,** ALC noted the Transport and Infrastructure Council, chaired by the Commonwealth, is developing a road pricing system to replace the current PAYGO formula, with a view to adopting independent price regulation for heavy vehicles.

To maintain the confidence of industry, it is necessary to ensure that any revenue raised is used on infrastructure investments that will enhance productivity outcomes on National Key Freight Routes, and not diverted to general revenue.

Governments must also ensure:

» the principles guiding the development of the road pricing model are clearly articulated;
» industry is involved in discussions as possible funding models are developed so as to ensure its workability, and not just presented as a fait accompli in a regulatory impact statement; and
» any community service obligations placed on road owners by Government must be funded from the government's general revenue and not from any new road user charge.

Finally, on **technology** issues, there was interest to encourage the ability to transfer non- proprietary information so as to improve the flow of freight from one end of a freight chain to another, in a manner similar to the Hunter Valley Coal Chain.

4 *Getting the Supply Chain Right, ALC 2016* - www.austlogistics.com.au/wp-content/uploads/2016/05/Getting-the-Supply-Chain-Right.pdf

ALC FORUM– MARCH 2017

ALC Forum 2017, held on 7-9 March at the Melbourne Cricket Ground, provided industry with an opportunity to explore these issues in greater depth.

ALC Forum is the largest annual gathering of leaders and decision-makers in the Australian logistics industry. Once again, this year's event proved to be an invaluable opportunity for the industry's most senior representatives to discuss the challenges and opportunities now confronting the freight and logistics sector.

ALC Forum 2017 was especially significant in that it was the first industry-wide gathering since the confirmation last year that the Federal Government has agreed to develop a National Freight and Supply Chain Strategy.

Accordingly, the entire focus of the Forum was on what needs to be included in the Strategy, and what needs to be done to make sure that what emerges is right for our industry, and right for our economy.

The key themes to emerge from the discussions at Forum were:

» The need for freight infrastructure to operate as efficiently as possible. This means developing planning instruments that not only identify and preserve the industrial lands to provide the jobs and logistics facilities of the future, but also ensure residential developments do not encroach on infrastructure and prevent its effective utilisation.

» The development of some form of mandatory system for the electronic collection of information required for safety, planning and productivity purposes.

» Levies, fees, charges and taxes raised for the purposes of developing an identified piece of infrastructure (either through road funding, 'value capture' or any other device) should be 'hypothecated' for the express purpose of developing that infrastructure; our industry cannot be used as an ATM to raise funds for the general purposes of government.

» The development of Inland Rail as an important component in ensuring rail as a modality has a clear place in moving freight within the Australian freight supply chain.

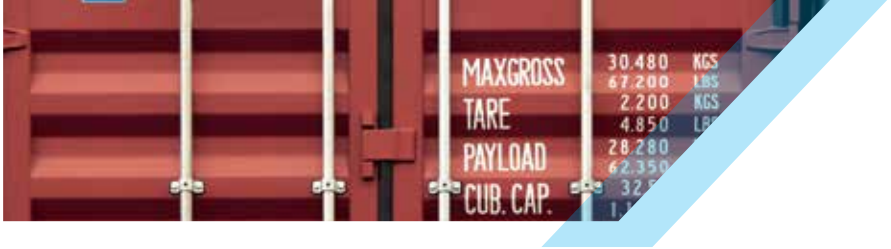
» Commonwealth leadership is required to promote greater supply chain safety and efficiency. This means:

a. helping industry in making the case to the public at large that Australia's economic future requires not only investment in freight and logistics infrastructure, but also the capacity to operate such infrastructure with maximum efficiency.

b. promoting greater efficiency in the use of freight infrastructure by pursuing agreements with States and Territories that require, (as a condition of funding) the development of planning instruments that:
   i. clearly preserve transport corridors and employment lands; and
   ii. prevent urban encroachment in areas that surround freight infrastructure.

c. establishing a dedicated Freight Planning and Strategy Division within the Department of Infrastructure and Regional Development, so as to concentrate all Commonwealth expertise in these issues (including the development of funding mechanisms) in one area.

A list of the major outcomes and points of agreement to emerge from ALC Forum 2017 is included at *Attachment 1* of this document.



KEY PRIORITIES FOR THE FREIGHT LOGISTICS INDUSTRY

Conversations with supply chain participants have revealed a range of specific items that are of particular concern to industry.

The National Freight and Supply Chain Strategy will need to incorporate specific mechanisms for dealing with these issues, if it is to be truly relevant to the needs of industry.

The following material summarises these key industry priorities.

Planning and encroachment issues

One of the greatest challenges facing the industry is the effect poor planning decisions have on the operation of freight infrastructure, and its flow-on impact upon efficiency of the supply chain.

A truly safe and efficient supply chain needs to be able to operate round-the-clock, so that freight movement is able to occur at all times and operators can take advantage of off-peak road traffic volumes.

Regrettably, current trends in planning policy favour the interests of residential development over freight efficiency. The result is lost economic opportunities and, very often, higher costs for freight operators.

NSW Ports offered one clear example, in relation to Port Botany in NSW:

Marika Calfas, Chief Executive Officer of NSW Ports, said that urban encroachment is one of the top five concerns her organisation has about the future. The most concerning aspect is that encroachment is preventing the industry from using existing infrastructure to capacity before we have to start planning and building new facilities.

Ms Calfas highlighted Port Botany as a textbook illustration of the problem. The facility was originally constructed in the 1960s as a means of getting industry out of Sydney's residential areas. Yet, over the last 50 years, the zoning for the adjacent land has been altered, first from industrial to commercial, and now increasingly from commercial to residential.

The end result is a situation where there is now a residence just 200 metres from the port – and many formerly single dwelling properties in the vicinity have become high density properties. The value of land is skyrocketing, and it is much more lucrative to sell it as residential land. Accordingly, even old factories in the area are now also being converted into residential properties.

This is engendering more and more noise complaints from new residents, and the political response invariably results in decisions that favour residents over freight operators - despite the fact that the port was there long before the residents were.

Ms Calfas pointed to the flow-on effect of this phenomenon – increasing scarcity of industrial land available to unload and redistribute freight. In the case of Sydney, this means trucks must travel further west to redistribute, further hampering efficiency in the supply chain.

The subsequent discussion among delegates revealed a high degree of support for addressing urban encroachment issues as a core aspect of the National Freight and Supply Chain Strategy.

Other industry representatives have correctly noted that there is a symbiotic relationship between good outcomes for freight efficiency and good outcomes for the community. The problem lies in the fact that this is vastly underappreciated by the wider community.

Accordingly, there is a need to preserve corridors if we want to derive the full benefit of the project and so there is a need to 'sell' the fact that corridor preservation equates to improved safety, liveability and efficiency outcomes.

The salience of corridor preservation has been noted in some jurisdictions, including by Infrastructure Victoria in its *30 Year Infrastructure Strategy*.[5] However, Australia operates as a national economy, and thus it is time for a national approach to these issues.

The liveability of Australia's cities will be compromised if we are unable to transport the consumer goods necessary to a comfortable modern existence to consumers.

Unfortunately, many of our current planning regimes fail to take account of this simple reality, and pursue the 'path of least resistance' by ranking the needs of residents above the needs of freight movement when it comes to decision making.

Yet, by failing to adequately prioritise the needs of freight in urban planning systems, we risk entrenching inefficiencies in the supply chain, as well as needlessly high consumer prices.

As NSW Ports have subsequently noted in a joint presentation with the NSW Department of Planning & Environment:

1. Ports are clearly too important to not be part of Metropolitan planning, the viability of which need to be **protected**.
2. We need a **plan and clear direction** on what we are planning for at all levels of government.
3. Compromised planning outcomes between industrial and residential uses fails both industry and residents. We need a sustainable land use **planning solution that allows industry to operate and expand** in order to increase economic activity and jobs. **Land use compatibility including land separation**.
4. Planning regimes must acknowledge **freight as an urban priority**. It's important that it gets recognition in planning at a state, regional and local government level.
5. The planning system needs to **recognise that the current operational environment will change** (particularly 24/7 operations) and therefore impacts could intensify including amenity impacts on sensitive uses. Also that the industry will continue to change and evolve.
6. **Retention and protection of industrial and employment lands** are required including suitable sizes for freight logistics and port related lands.[6]

These views are not isolated to one particular operator. The challenges of urban encroachment and poor planning systems have been a consistent theme in many of ALC's discussions with supply chain participants. For instance, Sydney Airport is impacted upon in the same way, and the protection of suitably zoned employment lands is also a key issue

Failing to properly take account of freight movement priorities had significant negative consequences for ports, airports, road transport operators, those using rail freight, passenger vehicles and – though they may not immediately realise it – for all consumers, who end up paying the price.

It will be important for the National Freight and Supply Chain Strategy to establish practical measures that will provide proper consideration of freight movement activities in urban planning systems.

5 *Victoria's 30 Year Infrastructure Strategy*, Infrastructure Victoria, December 2016 (http://www.infrastructurevictoria.com.au/sites/default/files/images/IV%2030%20Year%20Strategy%20WEB%20V2.PDF)

6 From NSW Ports & NSW Department of Planning & Environment presentation: *To Plan for Freight, or not Plan for Freight; That is the Question* - 5 May 2017

CHALLENGES FOR CBD FREIGHT DELIVERY

Australia is a highly urbanised country - and this is unlikely to change in the near future.

The growth in CBD traffic congestion - stemming from significant residential and employment growth in inner- city areas - presents significant challenges for freight operators undertaking deliveries in CBD areas.

Increasing competition between passenger and freight vehicles in a congested road network is significantly adding to business costs. This circumstance flows directly from a lack of investment, and from the insufficient consideration of freight movement in our current planning schemes.

A lack of adequate street loading zones, as well as new residential and commercial buildings with poor (or non-existent) freight delivery facilities are likewise making CBD freight delivery a more cumbersome and costly exercise.

These difficulties are exacerbated by the continuing imposition of curfews or outright bans on vehicle movement in parts of our major cities.

Perversely, this is occurring during a period where growth in e-Commerce is fuelling expectations among many consumers of faster delivery timeframes, and lower shipping costs.

The National Freight and Supply Chain Strategy must consider how to deal with these issues, to ensure the needs of freight operators are given proper weight in CBD planning and infrastructure decisions, so that freight operators are not faced with unsustainable cost pressures.

Technology

The constant evolution and improving affordability of technology offers tremendous scope to improve supply chain visibility in Australia.

As was noted at the ALC Forum, the longest supply chain in Australia is the equivalent of a route from Dundee to Athens every day. Keeping track of freight movement over such vast distances is a significant exercise.

Though it is becoming more affordable than has historically been the case, obtaining information about movement and quality though the supply chain will nonetheless still require significant investment on the part of suppliers and partners.

This makes it more important than ever that regulatory frameworks do not impede the uptake of new technologies that may help to enhance supply chain efficiency.

The pace of technological change is relentless. Five years ago, few would have predicted Uber's rise as a major player in passenger transport. Now, the conversation is turning towards the use of automated vehicles.

The challenge is to establish a regulatory structure that doesn't impede potential efficiency improvements in supply chain efficiency through the use of new technologies.

In ALC's conversations with industry participants, it has been indicated that opportunities to employ technologies that can assist the movement of freight are 'bobbing up all over the place'.

A leading international example already in operation is the European Port Community System, which is outlined in the table on the next page.

Another development in the Australian context has been the joint development between ALC and GS1 of the *Australian Transport Standards for Freight Labelling and EDI*. These standards outline a roadmap for industry to help it move from costly manual processes to full automation, and in the process greatly enhance supply chain visibility.

ALC's conversations with freight logistics industry representatives over the past year have revealed there is an emerging consensus that the sharing of non-commercial data regarding freight movement may offer profound benefits for the efficiency of the nation's supply chains.

To help facilitate these improvements, there may be scope for a National Freight and Supply Chain Strategy to encourage (or even incentivise) the sharing of non-commercial data down identifiable freight chains, and where necessary, facilitate competition law authorisation for any form of information sharing.

THE EUROPEAN PORT COMMUNITY SYSTEM

Most major ports have systems for the exchange of information between clients and national Customs and other authorities. Port Community Systems are a form of Single Windows for Trade, and are similar to Airport Community Systems.

The European Port Community Systems Association (EPCSA) defines a Port Community System as a neutral and open electronic platform enabling intelligent and secure information exchange between public and private stakeholders in order to improve the competitive position of the seaport communities. A Port Community System optimizes, manages and automates logistics-efficient processes through a single submission of data, connecting transport and logistics chains.

Role of the system

A Port Community System handles electronic communication in ports between the private transport operators (shipping lines, agents, freight forwarders, stevedores, terminals, depots), the private hinterland (pre- and on-carriage by road, rail and inland waterways), the importers and exporters, the port authorities, Customs and other authorities.

Typical services of a Port Community System are:

- information exchange between transport operators in the port and for hinterland connections, the port users, Customs, port and other authorities;
- electronic exchange of Customs declarations and Customs responses, and cargo releases between private parties and Customs;
- electronic handling of all information regarding import and export of containerized, general and bulk cargo for the port community;
- status information and control, tracking and tracing goods through the whole logistics chain; and
- processing declarations of dangerous goods with the responsible authorities.

One of the most useful functions of a Port Community System is to automatically derive, from information exchanges between the private port operators, that information needed by Customs, such as the Customs manifest. This information can then be sent to Customs without further manual intervention.

Most Port Community Systems have their own internal standards but communicate with other Port Community Systems or Trade Communities using international standards, in particular those developed by UNECE-UN/CEFACT.[7]

In 2010, APEC Leaders committed to "address impediments to moving goods and services through Asia-Pacific supply-chains …with a view to achieving an APEC-wide target of a ten percent improvement in supply-chain performance by 2015."[8]

In 2012, APEC Leaders recognised "...the importance of addressing unnecessary barriers to trade by advancing regulatory convergence and coherence to achieving our shared objectives of strengthening regional economic integration and ensuring product safety, supply chain integrity…"[9]

Within Australia, there has already been work done on looking at what is termed a 'Port Community System (PCS) – also sometimes described as a One Stop Shop or Single Window system.

Australia currently has several well-developed systems capable of being aligned into one window, and used as a model for APEC Economies to emulate, and would help to deliver the benefits outlined in the 2010 commitment.

During the recent APEC Forum in Vietnam, the technical sub group Asia Pacific Model E-Port Network (APMEN) approved and provided funding to support the full development of this pilot, which is being led by ALC Member, NSW Ports.

7 http://tfig.unece.org/contents/port-community-systems.htm
8 *2010 APEC Leaders' Declaration,* Yokohama, Japan, 13 November 2010 (http://www.apec.org/Meeting-Papers/Leaders-Declarations/2010/2010_aelm.aspx)
9 *2012 APEC Leaders' Declaration*, Vladivostok, Russia, 8 September 2012 (http://apec.org/Meeting-Papers/Leaders-Declarations/2012/2012_aelm.aspx)

RAIL AND INTERMODAL ISSUES

Industry believes that the advent of the National Freight and Supply Chain Strategy will have a major impact in encouraging greater use of rail and promoting the associated safety benefits.

In particular, industry participants believe that swift development of the Inland Rail project would mean these benefits would quickly become more obvious.

Likewise, supporting the growth of short-haul rail services and the development of intermodal terminals in metropolitan areas will help promote greater safety and efficiency in our supply chains.

Other industry participants expressed the view that the national rail regulator will also prove helpful in increasing rail's share of the freight task by promoting greater cross-jurisdictional consistency for operators.

This relates not only to rail gauges, but also to regulations governing rail safety and environmental matters.

Smarter use of information may also assist in ensuring that the right freight uses the right modality to move from point to point.

However, the importance of rail as part of an overall freight and supply strategy can be gleaned from the following summary of one of the sessions held at the ALC Forum:

Panellists Andrew Adam, National General Manager – Intermodal at Pacific National and James Wright, Director of Commercial Development with Maritime Container Services provided delegates with an overview of the capacity and growth trajectories of their respective organisations.

Mr Adam particularly emphasised the importance of developing infrastructure such as the Parkes intermodal facility in building the freight capacity of the rail network. We lose opportunities if we can double-stack trains from Perth to Parkes, but are forced to shuttle single-stacked trains from Parkes through to Chullora.

Ian Hunt, Chief Executive Officer, Moorebank Intermodal Company noted that NSW presently moves around 2.5 million containers per year and that NSW Ports expects this to grow to three times this level, targeting three million containers a year on rail. In his view, there is capacity to do about one million of this with existing infrastructure, and Moorebank will be able to take an additional 1 million per year – but growth of the freight task means we will need capacity for another one million on top of that. This is something that must be addressed in the National Freight and Supply Chain Strategy.

He said the most significant problems stem from the fact that existing facilities are located near residences and roads that have limited expansion capacity.

Maurice James, Managing Director, Qube Holdings, explained how Sydney's congested road network is making road freight in and out of Port Botany more expensive and unworkable, expressing confidence that the advent of new technologies will witness changes in the supply chain. Moorebank sees no reason why freight cannot be conveyed from Port Botany to the intermodal facility via driverless trains. The crippling traffic congestion on Sydney's M5 could be substantially alleviated if more containers shifted to rail from road freight.

During the discussion which followed, it was observed that the preservation of freight corridors now will actually avoid community objections and hostility down the line.

It's important to get engagement with the general community right, and not take short-cuts. In the current environment, the industry is likely to obtain more support for its objectives if it can explain what those objectives would mean for job creation – now, and for future generations.

As an industry participant noted at the May 2017 Dialogue between ALC and the Department of Infrastructure and Regional Development:

> *Many organisations are multi-modal, so when using data to inform investment decisions or planning, it would be helpful if that could be examined on a commodity basis, rather than simply what is occurring with particular modes. BITRE is undertaking this in some respects, but it needs to be more widespread to assist industry. The 'gap' between operator capability and government's ability to effectively use/leverage data is also a concern.*

This means that the whole supply chain needs to be examined over the longer term, with the need for rail to take a greater share of the workload so as to reduce road congestion (amongst other reasons) playing a significant part of the review.

ROAD PRICING

Mr Rod Sims, Chairman of the Australian Competition and Consumer Commission told the ALC Forum that the development of a National Freight and Supply Chain Strategy should receive far more attention than it does, given its economic importance.

Mr Sims highlighted road pricing reform as especially important, but noted that there is a considerable lack of awareness about it, both in the general community and among some decision-makers. The mere mention of "congestion pricing" immediately kills any sensible discussion, because it is portrayed as a new tax.

That said, it would appear that there is an increasing acceptance that the way Australians pay for roads will have to change.

It is evident that our current approach, which relies on fuel excise and other similarly 'blunt instruments' to generate the revenue required to maintain the road network is failing to provide sufficient resources.

The political challenges associated with obtaining reform in this area will be significant. However, the consequences of failing to act will ultimately prove far more dire.

At the very least, the shortcomings and inefficiencies inherent in the present system – which have been apparent for some time - are starting to gain broader recognition.

Some of these shortcomings were touched upon by representatives of the NRMA during a recent appearance before a NSW Legislative Council Inquiry into Road Tolling:

> *The Hon. PAUL GREEN: In section 4 you say that eventually the NRMA would like to see a comprehensive reform of road funding in New South Wales including consideration of a broad-based road user charge. Will you explain what your hope is there?*
>
> *Mr LOADES: I can do. If you start with the fuel excise, roughly 40¢ a litre every time you fill up, that goes to the Federal government and over time between one-third and 50 per cent gets reinvested back into roads. When it first began it was 100 per cent back into roads. Over time the balance has gone into consolidated revenue and spread. What is happening recently is that more and more people are buying newer cars and you have got electric cars here now and more on their way, which means the revenue base is declining.*
>
> *From a Federal government perspective it is a flawed model that relies on a decreasing income to fund that $100 billion backlog in New South Wales let alone what else is going on around the rest of the country. We actually need to move towards a fairer system that actually is fair and equitable where it is based on usage, whether that is per kilometre or other factors. The Federal government is talking 10 years, the State government is quite in tune with this.*
>
> *We would like to see it fast-tracked because that is when we can have a better model. This is not a new tax overlaying other taxes. This is genuine reform where the fuel excise will disappear and other State taxes will disappear and there will be a new tax that will be delivering net results where you actually only pay for genuine usage.*[10]

10 *NSW Legislative Council Portfolio Committee No.2 - Health and Community Services – Inquiry Into Road Tolling* Hansard 22 May 2017, p.4 (https://www.parliament.nsw.gov.au/committees/DBAssets/InquiryEventTranscript/Transcript/9919/Transcript%20-%2022%20May%202017%20-%20UNCORRECTED.pdf)

CHARTING THE COURSE

PLANNING AND ENCROACHMENT ISSUES

The Transport and Infrastructure Council of COAG met in Brisbane on 19 May 2017.

One of the things discussed was investment in rail.

Part of the published communiqué said:

> *The meeting included a strategic discussion regarding rail infrastructure and operations, recent pressures and developments and the future of rail investment in Australia. Ministers noted strong growth in rail use nationally, and discussed key rail trends and challenges in each jurisdiction. …...*
>
> *Discussions were broad ranging, including: land use integration, funding and financing challenges, new rail lines and extensions of existing lines to new growth areas; meeting increased demand growth on existing rail lines; infrastructure investments that enhance network capacity; the challenge of managing capacity freight and passenger demands; the need to tailor value capture approaches; and the role that technology can play in achieving outcomes.*[11]

The last paragraph of the communiqué neatly encapsulates many of issues raised by industry participants that affect the supply chain more generally.

As one of the participants in the ALC/Department of Infrastructure and Regional Development Dialogue held during May 2017 indicated:

> *Current planning systems have too many governments/authorities involved. There is capacity to streamline processes, and for greater Commonwealth involvement. There needs to be some form of incentive offered to states/local authorities to cooperate in reform – competition payments or something similar (City Deals may help to facilitate this). It would also assist to have planning issues feature on the TIC agenda, to give them a degree of national prominence.*

The Federal Government appeared mindful of this in its response to the House of Representatives Standing Committee on Infrastructure and Communications report*: Planning, procurement and funding for Australia's future infrastructure: Report on the inquiry into infrastructure planning and procurement*:

> *While the Australian Government supports the removal of red tape and location of regulatory processes across governments, it notes that planning regulations are primarily the responsibility of the relevant state, territory and local governments.*[12]

The Government also noted:

> *The IA Plan and IPL have identified a number of priority transport corridors and precincts the preservation that are likely to be required to support future infrastructure priorities.*
>
> *Through the Transport and Infrastructure Council and its officials Infrastructure Working Group, COAG is working to share current approaches leading practice in the protection of land transport corridors and precincts across all jurisdictions. This work programme will inform a future Action Plan for addressing identify gaps and reform opportunities.*
>
> *Also, as outlined in the Smart Cities Agenda, City Deals will introduce a new mechanism through which the Australian Government will engage with states and territories on regulatory and policy reforms. Aligning transport in metropolitan planning strategies to protect important transport corridors for future uses will be a focus for Government throughout this engagement.*[13]

ALC has consistently maintained there is a high desirability for the Commonwealth to show national leadership to the States by encouraging them to ensure all the corridors and employment plans are protected from urban encroachment.

11 TIC Communique, 19 May 2017, p. 1 (http://transportinfrastructurecouncil.gov.au/communique/files/Council_7th_Communique_19_May_2017.pdf)

12 *Australian Government Response to the House of Representatives Standing Committee on Infrastructure and Communications report: Planning, procurement and funding for Australia's future infrastructure*, p. 4 (http://www.aph.gov.au/Parliamentary_Business/Committees/House/Infrastructure_and_Communications/Planning_and_Procurement/Government_Response)

13 Page 7

While ALC may not necessarily agree with the Opposition recommendation contained in the House of Representatives report response, i.e. the Commonwealth should legislate to establish a dedicated Commonwealth Authority to work with the states on the designation of land corridors for the development of significant infrastructure projects, including high-speed rail[14], ALC remains of the view the Commonwealth should:

» establish a dedicated Freight Strategy and Planning Division with the Department of Infrastructure and Regional Development, staffed with appropriately qualified personnel to provide it with the quality advice necessary to provide national leadership and better policy outcomes in planning; and

» provide incentive funds to the states to encourage them to preserve transport corridors and employment lands through specific National Partnership agreements, rather than relying solely on the City Deals process, which is designed to address far broader outcomes in the urban environment.

SECURING GREATER COMMONWEALTH INVOLVEMENT IN PLANNING

ALC has consistently stated that greater Commonwealth involvement in planning will help secure better economic outcomes and the more efficient delivery of infrastructure projects.

In the 2017/18 Federal Budget, the Government provided $17 million over four years from 201718 to establish an Infrastructure and Project Financing Agency to assist in the identification, development, brokerage and assessment of financing options for investment in major infrastructure projects.

It likewise provided $23.5 million over four years from 201718 to expand the capacity of the Department of the Prime Minister and Cabinet to support delivery of the National Cities Agenda.

ALC hopes that this concentration of responsibility within PM&C does not mean that the needs of a productive and efficient freight chain is ignored in favour of other urban considerations, and that in particular, the needs of ports and employment lands operating in an environment that is free from urban encroachment, is given full consideration.

14 Page 13

THE INFRASTRUCTURE PRIORITY LIST

Infrastructure Australia's *Infrastructure Priority List* makes it clear that improving freight capacity should be considered a key national economic priority.[11]

The most recent version of the list, issued in February 2017, assigns either High Priority or Priority status to a number of freight-related infrastructure projects, including:

- Port Botany freight rail duplication;
- Port of Brisbane dedicated freight rail connection;
- Inland Rail;
- National Freight and Supply Chain Strategy;
- M80 Ring Road upgrade;
- WestConnex;
- Improve the connection between the Eastern Freeway and CityLink;
- Perth Freight Link;
- Newell Highway Upgrade;
- Murray Basin Rail Project;
- Western Sydney Airport;
- Road connection between West Gate Freeway and Port of Melbourne;
- Adelaide-Tarcoola Rail Upgrade Acceleration;
- Moorebank Intermodal Terminals road connection upgrade;
- Preserve corridor for Western Sydney Freight Line and Intermodal Terminal access;
- Preserve corridor for Lower Hunter freight rail realignment;
- Lower Hunter freight corridor construction;
- Southern Sydney Freight Line upgrade;
- Improved freight rail access to Port Kembla;
- Northern Sydney Freight Corridor Stage 2;
- Melbourne container terminal capacity enhancement;
- Mount Isa-Townsville rail corridor upgrade;
- Gladstone Port land and sea access upgrade;
- Perth container terminal capacity enhancement;
- Melbourne-Adelaide-Perth rail upgrade;
- Complete Metro Ring Road from Greensborough to the Eastern Freeway;
- Burnie to Hobart freight corridor strategy;
- Advanced Train Management System implementation on ARTC network;
- Sturt Highway High Productivity Vehicle capacity enhancement;
- Upgrade Tanami Road.

If the nation is to derive the full economic benefit of the significant boost to infrastructure investment resulting from this year's Budget, then planning challenges – and particularly, the preservation of freight corridors – are paramount.

ALC has identified those projects from the most recently issued *Infrastructure Priority List* which it considers crucial to enhancing supply chain efficiency and the nation's productive capacity.

Extracts from the *Infrastructure Priority List* that detail the scope and economic importance of these projects are set out at *Attachment 2* of this document.

A PRECEDENT HAS NOW BEEN SET…

ALC was particularly interested to observe that the 2017/18 Budget Papers included the offer of an unspecified amount of money under the Western Sydney City Deal for incentive payments to State and Local Governments to support planning and zoning reform, accelerate housing supply and deliver affordable housing outcomes in Western Sydney.

The Budget Papers went on to say that the funding will support the trial of incentive payments in the Western Sydney City Deal region, which is facing above average population growth and housing affordability pressures.

ALC has long called for similar incentives to be offered to state and local governments to preserve transport corridors and employment lands from encroachment, and strongly recommends that future Budgets appropriate funds for incentive payments that can help to deliver such outcomes.

11 *Infrastructure Priority List*, Infrastructure Australia, February 2017 (http://infrastructureaustralia.gov.au/projects/infrastructure-priority-list.aspx)

TECHNOLOGY

It is clear there is significant willingness within industry to facilitate the transfer of non-commercial data down freight chains.

The TIC *National Policy Framework for Land Transport Technology: Action Plan: 2016-2019* advocates for a supportive regulatory environments, that particularly proposes the removal of barriers to new technology in a proactive fashion and to wherever possible provide certainty about future regulatory requirements.

The Action Plan also suggests that where feasible, government agencies will avoid favour in particular technologies or applications, in order to encourage competition and innovation. New applications should support interoperability, backwards compatibility and data sharing, and should account for possible future transitions to other technology platforms.[12]

So as to enhance productivity and efficiency, it follows that one area that the National Freight and Supply Chain Strategy could explore is encouraging the sharing (or identify systems that can permit the sharing) of non-commercially sensitive data down identifiable supply chains to other participants.

In that case, the only proactive regulatory activity that a government may need to perform is to provide some form of competition for authorisation (in much the same way as the Hunter Valley Coal Chain requires ACCC authorisation).

This proposal in no way impacts the desirability of developing the Data Collection and Dissemination Plan, which may in the long run form a 'single source of truth' that could form the backbone of an Australian Port Community System.

It is also becoming increasingly clear the transfer of data for commercial purposes (as outlined above) will need to be dealt with differently and information collected for regulatory purposes, such as road pricing and safety information.

That said, it would now appear that technology is available that can operate within an operating framework meeting international standards that generates data with sufficient integrity that it can be used for non-criminal regulatory purposes.

A National Freight and Supply Strategy could encourage exploring what type of freely available equipment can be considered as being of a type suitable for collecting data for regulatory purposes, such as for instance, road pricing and the collection of heavy vehicle safety data.

ROAD PRICING

So as to ensure that the investment is made in the infrastructure necessary to keep freight moving, there is clear industry support for the continued development of a 'forward looking' funding approach to roads.

The political challenges that will accompany such reform will require industry to work closely with governments at all levels to secure the right outcome.

As part of this, it will be crucially important to demonstrate the inadequacies and inequities of the current system of road pricing, and to highlight the benefits for all road users that could flow from doing away with inefficient fuel taxes.

RAIL

It is clear that industry sees the development of the Inland Rail project as a major driver in changing the mode of travel taken by freight. The decision to fund construction of the Inland Rail in the 2017/18 Federal Budget is welcome.

More generally, industry members see that a greater harmonisation in rail regulation would make it easier for operators to meet regulatory requirements, particularly around safety and environmental issues.

During 2014 and 2015, work was directed towards developing what was originally called a 'national rail vision', which then turned into a discussion on the Australian Government's Freight Rail Objectives.

Some of this work canvassed issues such as greater harmonisation within the rail industry as well as the broader role of rail in the freight effort.

The development of the National Freight and Supply Chain Strategy may offer an opportunity to kick-start this work.

12 *National Policy Framework for Land Transport Technology: Action Plan: 2016-2019*, p. 18 (http://transportinfrastructurecouncil.gov.au/publications/files/National_Policy_Framework_for_Land_Transport_Technology.pdf)

CONCLUSION

Although the consultation process surrounding the development of the National Freight and Supply Chain Strategy is ongoing, it is already clear that what emerges must address several core concerns for the freight logistics industry.

Although the continuing consultation process will likely expand this list significantly, these items effectively represent a 'benchmark' for designing a National Freight and Supply Chain Strategy that is relevant to the needs of industry.

ALC is committed to working closely with the freight logistics industry and with governments at all levels in furtherance of these key objectives over the months ahead.

Australian Logistics Council
June 2017

1. Establish a dedicated Freight Planning and Strategy Division within the Department of Infrastructure and Regional Development, staffed with appropriately qualified personnel that will allow it to provide the quality advice necessary to lead the planning debate and secure better outcomes;

2. Rather than rely on the City Deals process, develop specific National Partnerships with State and Territory Governments to provide incentive funds for jurisdictions to institute planning principles recognising freight as an urban priority, and so rewarding policies that preserve transport corridors and employment lands in a way that allows 24/7 operation of infrastructure.

3. Actively cooperate with industry to identify how non-commercially sensitive data about freight movements down identifiable supply chains can be shared with other participants, thus enhancing productivity and efficiency and to facilitate the obtaining of any competition law authorisation that may be necessary.

4. Continue the development of a forward looking approach to road funding that shifts the focus to the expenditure required to maintain and expand roads in light of forecast demand and subject to service and technical standards.

5. Continue to progress the construction of the Inland Rail.

6. Encourage the renewed development and execution of a nationally based system of Freight Rail Objectives.


MERGE
RIGHT

ATTACHMENTS

ATTACHMENT 1

ALC FORUM 2017 - MAJOR OUTCOMES & POINTS OF AGREEMENT

- There was general agreement that the National Freight and Supply Chain Strategy should build upon positive progress in recent years to improve logistics planning and reforms, which included the development of state freight and port strategies and the National Land Freight and Port strategies. The National Strategy stands its best chance of success if its development is supported by all political parties and at all levels of government.
- The Forum emphasised the pressing need to overcome fragmented decision-making on critical infrastructure projects between local, state and federal governments. Delegates expressed particular concern at the parochial attitude that still pervades some aspects of decision-making.
- Although logistics is a highly competitive industry both within and across the modes, there was nonetheless general agreement that the National Freight and Supply Chain Strategy should be 'mode neutral''. However, there was broad agreement that the strategy should particularly examine initiatives to increase rail's share of the national freight task, especially with regard to long-haul, bulk freight.
- The proposed Inland Rail link from Melbourne to Brisbane enjoyed significant support from delegates. With freight movements on the east coast of Australia projected to double over the next decade, there was a broad consensus that Inland Rail should be 'port to port' and form the backbone of the National Freight and Supply Chain Strategy.
- There was agreement that achieving a better road-rail mix in the delivery of the national freight task will help to reduce costs, deliver improved safety outcomes on our roads and produce clear environmental benefits. Communicating these benefits, both to government and to the wider community, will be absolutely crucial in building political and public support for Inland Rail.
- Many speakers observed that the National Freight and Supply Chain Strategy must be more than just a priority list of infrastructure projects. The Strategy must take a long-term view, to ensure the best freight links are not lost to the supply chain through encroaching residential and commercial development.
- Attendees called for more effective action from government at all levels when it comes to preserving transport and logistics corridors. Unless state and local governments commit to a National Strategy that protects freight corridors from expanding residential and commercial development, the most efficient transport and logistics solutions will become prohibitively expensive. This will in turn limit the nation's capacity to achieve better economic outcomes.
- There was firm recognition that the National Strategy must be backed by investment. The financial resources required to make it work will be significant over time, and will likely depend on investment from a mix of government, private and institutional sources, and possibly proceeds from asset recycling.
- The National Freight and Supply Chain Strategy must also focus on the lost opportunities and continuing costs that arise from overlapping and outdated regulation within the logistics sector, especially at the state level. There is a need for greater harmonisation between state jurisdictions when it comes to regulation in this area if efficiency and economic gains are to be achieved.
- There was strong support for reform of road pricing. With technological enhancements (such as GPS tracking) now making it easier than ever to monitor vehicle use, it is imperative that we move to a model where road users pay according to where and when they travel. It is clear that fuel excise is no longer raising sufficient revenue to support the road network of a 21st century economy.
- It was recognised that we must achieve a better balance between the planning needs of efficient freight transport and residential development requirements. Curfews, detours and prohibitive speed limits all impose added costs on businesses, which are ultimately borne by consumers.
- In particular, local government must be incentivised to consider national freight needs in the context of their own decision-making. Equally, state and federal governments must recognize that local government cannot be expected to pick up the cost burden of building and maintaining roads which form part of a national or export freight network.

ATTACHMENT 2

THE INFRASTRUCTURE PRIORITY LIST: KEY PROJECTS FOR THE FREIGHT LOGISTICS SECTOR

The Australian Logistics Council (ALC) considers that Infrastructure Australia (IA) plays a critical role advancing the infrastructure projects Australia needs to promote economic and employment growth.

Having an expert independent body like Infrastructure Australia in place to ensure that proposed infrastructure projects are subject to a rigorous economic assessment means investment decisions can be made on a sound basis.

This is particularly important in making sure that taxpayers are receiving value for money when governments make the decision to invest in key infrastructure projects.

Each year, IA publishes its *Infrastructure Priority List*, which identifies those infrastructure projects that will help to improve the nation's productive capacity.

The *Infrastructure Priority List* provides clear, evidence-based advice to governments and investors alike, helping them to make investment decisions that ultimately support economic and employment growth.

The most recent version of the *Infrastructure Priority List*, issued in February 2017, provided positive assessments of a number of projects that are absolutely key to boosting the productive capacity of Australia's freight networks, and enhancing supply chain safety and efficiency.

These projects include:

- Port Botany freight rail duplication;
- Port of Brisbane dedicated freight rail connection;
- Inland Rail;
- National Freight and Supply Chain Strategy;
- M80 Ring Road upgrade;
- WestConnex;
- Improve the connection between the Eastern Freeway and CityLink;
- Perth Freight Link;
- Newell Highway Upgrade;
- Murray Basin Rail Project;
- Western Sydney Airport;
- Road connection between West Gate Freeway and Port of Melbourne;
- Adelaide-Tarcoola Rail Upgrade Acceleration;
- Moorebank Intermodal Terminals road connection upgrade;
- Preserve corridor for Western Sydney Freight Line and Intermodal Terminal access;
- Preserve corridor for Lower Hunter freight rail realignment;
- Lower Hunter freight corridor construction;
- Southern Sydney Freight Line upgrade;
- Improved freight rail access to Port Kembla;
- Northern Sydney Freight Corridor Stage 2;
- Melbourne container terminal capacity enhancement;
- Mount Isa-Townsville rail corridor upgrade;
- Gladstone Port land and sea access upgrade;
- Perth container terminal capacity enhancement;
- Melbourne-Adelaide-Perth rail upgrade;
- Complete Metro Ring Road from Greensborough to the Eastern Freeway;
- Burnie to Hobart freight corridor strategy;
- Advanced Train Management System implementation on ARTC network;
- Sturt Highway High Productivity Vehicle capacity enhancement;
- Upgrade Tanami Road.

The inclusion of these projects on the list makes is clear that IA considers improving freight infrastructure to be a core national economic priority.

It accords with the recommendation contained in IA's 15-year Infrastructure Plan to develop a National Freight and Supply Chain Strategy – a long-held ALC policy priority, and one that has now been adopted by the Federal Government.

Likewise, many of the projects contained on the list refer to the need to preserve key freight corridors that will allow the nation to meet its future freight task. This is another key policy priority for ALC and its members.

The following pages contain extracts from IA's February 2017 *Infrastructure Priority List* which detail those projects that ALC considers are of particular importance for the freight logistics industry.

These projects have been assigned either High Priority or Priority status by IA, indicating their potential to make a significant contribution to improving national economic performance.

Australian Government | Infrastructure Australia

Infrastructure Priority List

Australian Infrastructure Plan

Project and Initiative Summaries

February 2017

Port Botany freight rail duplication

Location

Sydney, NSW

Problem timescale

Near term (0–5 years)

Nominator

NSW Government

Problem

Port Botany is one of Australia's most significant import/export terminals for containerised freight, and a backbone asset for economic productivity within Sydney and NSW. Infrastructure NSW forecasts container movements through the Port will increase from 2 million twenty-foot equivalent units in 2011 to 7 million in 2031.

The Port Botany freight line is currently operating close to capacity. Additional demand arising from growth in interstate, intrastate and import/export freight has the potential to create a bottleneck along this line, impacting on reliability and restricting the efficient movement of freight across the broader Sydney rail network.

As Sydney's primary container port, it is vital that Port Botany maintains throughput capacity to meet demand over the long term. Currently, only a small portion of freight is moved using the freight rail network, which imposes additional demands on the road network. Truck traffic at Port Botany is estimated to increase by 400% by 2030, driven largely by expected growth in throughput at Port Botany.

Proposed initiative

The proposed initiative aims to upgrade the capacity of the Port Botany rail line by completing a duplication of 2.8 km of the line. The proposed initiative will form part of a broader strategy designed to drive growth in rail mode share.

Next steps

Business case development

Port of Brisbane dedicated freight rail connection

Location

Brisbane, Queensland

Problem timescale

Medium term (5–10 years)

Nominator

Audit identified gap

Problem

Container trade at the Port of Brisbane is forecast to increase by 300%, representing an increase of 4.8% per year to 2045. The Australian Infrastructure Audit 2015 identified that growth at the Port of Brisbane is likely to become constrained by the lack of a dedicated rail freight connection.

Population growth in South East Queensland is creating congestion on both the road and rail networks, negatively impacting the productivity of greater Brisbane and the Queensland economy as a whole.

The preservation and, ultimately, construction of a dedicated freight rail corridor will allow more freight movements to be removed from the road network, which would help alleviate congestion.

Proposed initiative

The proposed initiative is to improve connectivity between the Port of Brisbane and freight terminals in the Brisbane region through preserving and, ultimately, constructing a dedicated freight rail corridor. The initiative should aim to meet the projected increase in freight volumes and capitalise on economic opportunities, while encouraging a modal shift from road to rail.

Next steps

Options assessment - required

Inland Rail

Melbourne to Brisbane via inland NSW

Location

Melbourne to Brisbane via inland NSW

Indicative delivery timeframe

Longer term (10–15 years)

Proponent

Australian Government

Problem

Demand for freight transport in the Melbourne to Brisbane corridor is expected to grow substantially over coming decades, from approximately 4.9 million tonnes in 2016 to around 13 million tonnes, or 1.1 million containers (Twenty-Foot Equivalent Units), by 2050. This increased demand will require additional freight capacity in the corridor.

The current rail connection between Melbourne and Brisbane, via Sydney, cannot offer the transit times and reliability required by industry. This is largely a function of poor rail alignments and capacity constraints, particularly on the section between Sydney and Brisbane, and delays on freight transiting the Sydney metropolitan area. The current road connection between Melbourne and Brisbane via inland NSW offers faster transit times than rail via Sydney. However, much of the road is two-lane single carriageway, with limited passing lanes. Without additional capacity, transit times on this corridor will increase as freight volumes rise.

Project description

Construction of a freight rail line of approximately 1,700 km between Melbourne and Brisbane via inland Victoria, New South Wales and Queensland. Around 40% of the proposed route would be constructed as new railway, or converted from narrow gauge to dual gauge in Queensland, maintaining the existing narrow gauge connections between Brisbane and regional centres. The remainder of the route would utilise and where necessary upgrade existing standard gauge track in Victoria and NSW.

Trains operating the service would have capacity to carry up to 485 containers (TEU) when capacity for longer, double-stacked trains is introduced over time.

Economic, social and environmental value

Key benefits of the proposed project include improved productivity, improved network efficiency and reliability, shorter transit times, safety improvements, sustainability benefits, and reduced lifecycle costs. The proponent's stated benefit-cost ratio is 1.1 (7% real discount rate).

National Freight and Supply Chain Strategy

Location

National

Problem timescale

Near term (0–5 years)

Nominator

Audit identified gap

Problem

The Australian Infrastructure Audit 2015 found that population and economic growth will increase demand for freight transport, with the national land freight task expected to increase by 86% to 2031.

While there has been significant work undertaken on national strategies for land transport and ports, there is a need to further progress this work, taking a whole-of-supply chain perspective. National-level long-term freight master planning will facilitate more effective infrastructure planning, and more robust investment decisions in the freight and supply chain sector. Failure to adequately cater for the expected increase in freight transport will increase freight network congestion around Australia, and ultimately harm national productivity.

Proposed initiative

A National Freight and Supply Chain Strategy would build on existing work, adopting a holistic approach to the planning and performance of the national freight and supply chain networks. This would provide appropriate frameworks to support end to end planning of key freight and supply chains, and to:

- Guide future investment
- Support better use from existing infrastructure assets
- Enable a program of regulatory reforms and capital initiatives to be developed.

The Australian Government has announced its intention to appoint an expert panel to provide advice on how best to lift the productivity and efficiency of Australia's freight and supply chain infrastructure, and to use the expert panel's advice as an input to the development of a national freight and supply chain strategy by the end of 2017.

Next steps

Initiative development - underway

M80 Ring Road upgrade

Location

Melbourne, Victoria

Indicative delivery timeframe

Near term (0–5 years)

Proponent

Victorian Government

Problem

The M80 connects major population centres in Melbourne's north and west to the CBD and elsewhere, and facilitates access to Melbourne's port, airports and other major road corridors. Congestion on the M80 is increasing average travel times, imposing significant costs on business. Congestion also produces negative social and environmental impacts as a result of increased travel time and fuel consumption, and higher vehicle crash rates. Projected population and economic growth in centres to the west and north of Melbourne are likely to increase these problems.

The Australian Infrastructure Audit 2015 identified capacity constraints along the corridor as a significant problem, and found that, without additional investment, the annual cost of congestion along the corridor is projected to grow from $86 million in 2011 to $161 million in 2031.

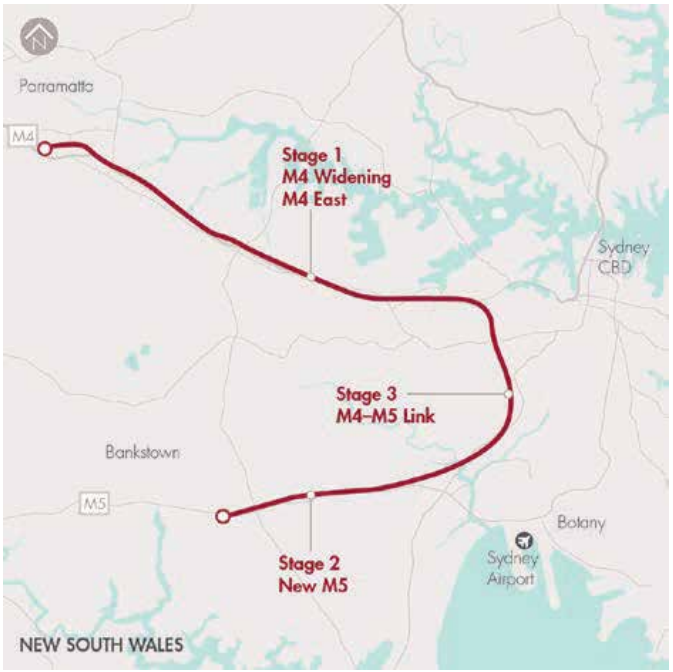
Project description

The project proposes to complete three sections of the freeway that have yet to be upgraded. These are (i) Plenty Road to Greensborough Highway (2.4 km); (ii) Princes Freeway to Western Highway (7.9 km); and (iii) Sydney Road to Edgars Road (4 km). The project would widen the existing road to a minimum of three through-lanes in each direction with auxiliary lanes between interchanges where required, and implement intelligent transport system infrastructure.

Economic, social and environmental value

The project will deliver significant economic benefits in the form of travel time savings, with associated social and environmental benefits including reduced fuel consumption costs and lower vehicle crash rates. The proponent's stated benefit-cost ratio for the current project is 2 (7% real discount rate).

WestConnex



Location

Sydney, NSW

Indicative delivery timeframe

Near term (0–5 years)

Proponent

NSW Government

Problem

The Australian Infrastructure Audit 2015 projected that, in the absence of interventions to address the problem, the cost of congestion in the Sydney/Newcastle/Wollongong area would more than double from $5.6 billion in 2011 to $14.8 billion in 2031. The Audit noted that a number of corridors in Sydney's inner west, including the M5, M4 and key arterials such as King Georges Road and Parramatta Road, are severely congested now, and will become more congested in the future in the absence of additional capacity.

Project description

WestConnex is a program of interconnected road projects that involves:

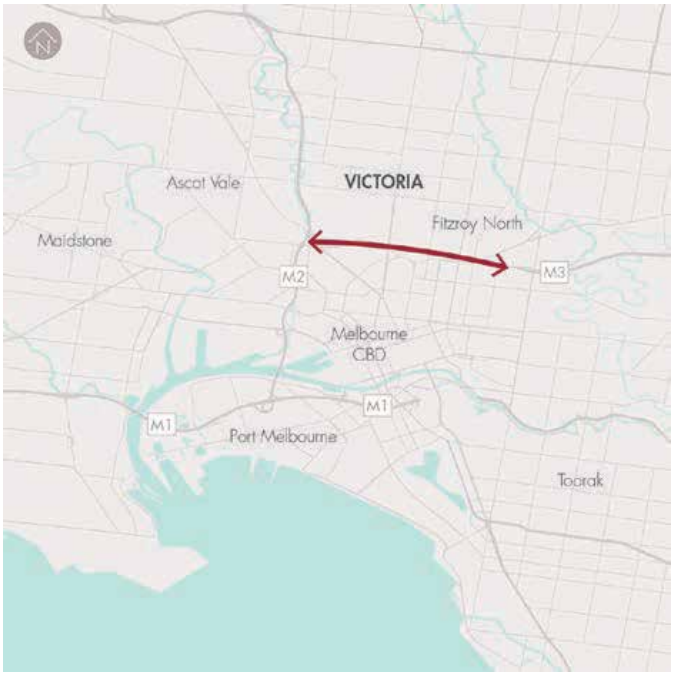
- Stage 1: Widening the existing M4 Motorway and extending the motorway from Strathfield towards Sydney's inner-west (13.8 km, including a 5.5 km tunnel)
- Stage 2: Widening the M5 (surface section east of Kings Georges Road) and duplicating the tunnels to St Peters (11 km, including a 9 km tunnel)
- Stage 3: Linking the two motorways with a new tunnel under the inner western suburbs of Sydney (9.2 km tunnel)
- 'Sydney Gateway' – road improvements between an interchange at St Peters and the Airport precinct, which would also provide some improvement in access to Port Botany.

WestConnex was the major priority project put forward in Infrastructure NSW's 2012 State Infrastructure Strategy, and was subsequently identified in the NSW Government's Long Term Transport Master Plan as an immediate priority in a longer term vision to complete the critical links in Sydney's motorway network.

Economic, social and environmental value

The primary benefits of the project are travel time savings and vehicle operating cost savings, constituting a combined 86% of benefits. However, other benefits include reduced vehicle emissions and improved community wellbeing. The proponent's stated benefit-cost ratio for the project is 1.7 (7% real discount rate), not including wider economic benefits.

Improve the connection between the Eastern Freeway and CityLink



Location

Melbourne, Victoria

Problem timescale

Near term (0–5 years)

Nominator

Audit identified gap

Problem

The Australian Infrastructure Audit 2015 identified the east-west corridor to the north of Melbourne CBD as one of Melbourne's major congestion challenges. Vehicles travelling east-west between the Eastern Freeway and CityLink are forced to navigate the congested inner city road network, or the heavily utilised M1 corridor to the south of the city. This results in congestion and delays on Melbourne's urban road network for both passenger and freight vehicles. The Audit found that this corridor had the highest road congestion delay cost in Melbourne in 2011, with a delay cost of $73 million. This is expected to worsen by 2031, with the delay cost projected to increase to $144 million.

The Eastern Freeway only extends as far as Hoddle Street on the edge of the CBD, channelling the large volume of vehicles heading into and out of the city onto residential streets in the inner north.

Proposed initiative

The initiative is to improve the connection between the Eastern Freeway and CityLink.

Next steps

Initiative development - required

Perth Freight Link

Location

Perth, WA

Indicative delivery timeframe

Near term (0–5 years)

Proponent

WA Government

Problem addressed

Perth Freight Link seeks to address the following problems:

- Growth in freight traffic on mixed use routes
- Sub-optimal access to Fremantle port and key strategic industrial areas.

There is currently heavy congestion and significant delays to freight journeys for many sections of the route. Impacts of this include inefficient freight movement which limits productivity and economic growth, higher than average crash rates involving heavy vehicles and diminished amenity for the nearby community.

Project description

The Perth Freight Link project seeks to remove the 'missing link' to Fremantle Port through the provision of a high standard road freight link. This includes extension of Roe Highway west of the Kwinana Freeway to become the principal east-west freight link, and a high standard freight connection between Roe Highway and Fremantle Port via Stock Road, Leach Highway and Stirling Highway.

Note: This project summary, including the map above, is based on the business case submitted to Infrastructure Australia in 2015. Subsequent to Infrastructure Australia's assessment, the WA Government has advised it is considering alternative route options between the end of the Roe Highway at Stock Road and Fremantle Port.

Economic, social and environmental value

The Perth Freight Link would deliver economic and social benefits, through reducing delays for port-related traffic and general traffic. The benefit-cost ratio stated by the proponent is 2.5 (7% real discount rate).

Newell Highway upgrade

Location

NSW section of Melbourne-Brisbane Inland route

Problem timescale

Near term (0–5 years)

Nominator

NSW Government

Problem

The Newell Highway is part of the National Land Transport Network. It is the principal inter-capital freight route between Melbourne and Brisbane, and is a critical link for regional producers in central and western NSW. Freight movements on the corridor are expected to grow strongly, supported by robust population growth in both Melbourne and Brisbane.

The efficiency of the route is constrained by localised congestion, deteriorating pavement and a lack of overtaking opportunities. Road alignment and geometry in several sections are also unsuitable for some High Productivity Vehicles.

These factors constrain freight productivity by increasing travel times and the number of vehicle journeys required, as well as reducing freight reliability.

Proposed initiative

The initiative seeks to improve several sections of the highway to support safe Higher Productivity Vehicle access, and improve safety and reliability. The initiative will also consider first/last mile issues faced by Higher Productivity Vehicle operators in the corridor.

Next steps

Business case development

Murray Basin Rail Project

Location

North-west Victoria

Indicative delivery timeframe

Near term (0–5 years)

Proponent

Victorian Government

Problem

Capacity on the Murray Basin rail network is constrained by the mixture of broad and standard gauge lines, a 19 tonne axle load limit, and declining levels of service due to a historical underspend on maintenance. This results in fragmentation and capacity constraints, reducing network accessibility and flexibility. As a consequence, transit times for rail freight are longer and less reliable than those for road freight, and costs to business are higher. Increasing rail freight costs have resulted in an increase in road freight in the Murray Basin region, which has a detrimental impact on grower returns, regional amenity and the environment.

Project description

Rail network improvements include standardisation of the existing broad gauge rail, and axle load upgrades from 19 to 21 tonnes, for the Mildura, Sea Lake and Manangatang lines. It will also include re-instatement and upgrade of the standard gauge rail line between Ararat and Maryborough, and conversion of the rail line between Gheringhap and Maryborough to dual gauge.

Economic, social and environmental value

The majority of benefits are economic, in the form of transport cost savings. Other benefits include reductions in noise and greenhouse gas emissions. The proponent's stated benefit-cost ratio is 1.7 (7% real discount rate).

Western Sydney Airport

Location

Western Sydney, NSW

Indicative delivery timeframe

Medium term (5–10 years)

Proponent

Australian Government

Problem

Sydney is Australia's primary aviation gateway, accounting for around 40% of international services, 43% of domestic services, and 45% of international air freight. Demand for airport services in the Sydney basin is forecast to grow beyond the capacity of Sydney's Kingsford Smith Airport by the 2030s. Airports are critical economic assets, and constraints on Sydney's airport capacity would increase the cost of accessing Sydney, with a significant negative impact on Australia's economy and national productivity.

The Australian Infrastructure Audit 2015 identified the need for additional airport capacity in the Sydney basin, and the February 2016 Infrastructure Priority List included development of a Western Sydney Airport as a High Priority Initiative.

Project description

The project includes initial construction of a 3,700 m runway with a parallel taxiway, and associated aviation terminal infrastructure and support precincts. Subsequent stages of development would ensure the Airport could meet longer-term passenger demand in the Sydney basin. The final design of Stage 1 and the nature and timing of subsequent developments will be at the discretion of the airport operator, subject to contractual and regulatory requirements.

Economic, social and environmental value

Addressing the identified capacity constraint would improve productivity and facilitate broader economic impacts such as increased trade, tourism and foreign direct investment, and wider economic benefits such as agglomeration benefits derived from improved connectivity between businesses (including the clustering of airport businesses). The proponent's stated benefit-cost ratio is 1.9 (7% real discount rate).

Road connection between West Gate Freeway and Port of Melbourne and CBD North

Location

Melbourne, Victoria

Problem timescale

Near term (0–5 years)

Nominator

Victorian Government

Problem

The key problem is the absence of an east-west connection between West Gate Freeway and Port of Melbourne and CBD North. A lack of connectivity results in road transport congestion and the reliance on the West Gate Bridge for travel from Melbourne's west towards the CBD.

The initiative relates to an area which suffers from significant congestion. According to the Australian Infrastructure Audit 2015, the cost of congestion on the West Gate Freeway/Princes Freeway corridor is projected to increase from $105 million in 2011 to $355 million in 2031. The network-wide cost, including the cost for arterial roads that are used to access the Port of Melbourne, would be higher than this.

Proposed initiative

The initiative proposes to develop a connection between the West Gate Freeway, CityLink and Port of Melbourne.

Next steps

Business case development

Adelaide – Tarcoola Rail Upgrade Acceleration

Location

Adelaide–Tarcoola, SA

Indicative delivery timeframe

Near term (0–5 years)

Proponent

Australian Rail Track Corporation

Problem

Rail dominates freight movements between Perth and Australia's eastern states, with approximately 80% of the land-based freight market serviced by the interstate railway network. Rail freight volume is projected to increase by two-thirds by 2030, placing additional pressure on the east-west railway corridor. At the national level, the Australian Infrastructure Audit 2015 projected the value-add of rail freight services to grow from $5.4 billion in 2011 to $9.5 billion by 2031. Without adequate investment, travel time and reliability for the interstate rail freight network will deteriorate as a result of congestion, poor alignments, and asset age. This, in turn, will reduce national productivity.

Upgrading rail infrastructure along the Melbourne–Adelaide–Perth corridor is currently listed as a priority initiative on the Infrastructure Priority List. The initiative proposes upgrades along the corridor to accommodate higher axle loads, via enhanced network capacity and speed, and improved train management systems.

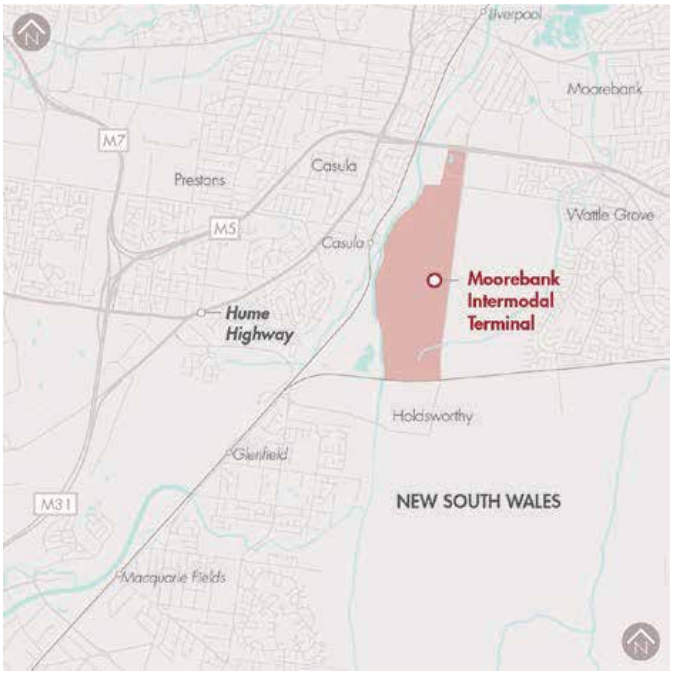
Project description

The project represents an acceleration of phase one of the 25-year long, phased re-railing program outlined in Australian Rail and Track Corporation's Asset Management Plan. The project will bring forward the upgrade of 600 km of track from 23 Tonne Axle Load (TAL) capabilities, to 25 TAL, to completion by 2019. This will support the operation of double-stacked trains at speeds of up to 115 km/hour between Adelaide and Tarcoola, north-west of Port Augusta.

Economic, social and environmental value

The project will deliver economic benefits through reduced travel time for interstate freight, and increased reliability on the east-west rail corridor. The proponent's stated benefit-cost ratio for the project is 1.1 (7% real discount rate).

Moorebank Intermodal Terminal road connection upgrade



Location

Western Sydney, NSW

Problem timescale

Near term (0–5 years)

Nominator

NSW Government

Problem

The Australian Infrastructure Audit 2015 identified the M5 corridor – the key corridor linking the Moorebank Intermodal Terminal (MIT) and Port Botany – as highly economically significant. The delay cost per kilometre in the corridor is projected to be the 10th highest of any corridor in NSW in 2031, even after accounting for the duplication of the M5 as part of WestConnex Stage 2.

The development of the MIT presents an opportunity to moderate growth in freight traffic on the M5 corridor. However, it will generate additional freight traffic in the vicinity of the terminal. The current road network provides a single point of access to the freight precinct. This constraint could create significant 'last mile' congestion affecting the efficiency of freight movements, and ultimately the effectiveness of the MIT itself.

The broader road network surrounding the MIT is currently highly congested, particularly sections of the M5, which has a poor safety record due to significant 'weaving' conflicts (where vehicles are weaving in and out of lanes).

In the absence of any network improvements, the additional freight demand will adversely affect travel times and reliability to the precinct, and ultimately harm freight productivity.

Proposed initiative

The initiative proposes a package of inter-related road infrastructure improvements to increase network efficiency and improve access to the MIT. The major components of the Program include:

- Upgrades to the M5 interchanges at the Hume Highway and Moorebank Avenue
- Connection improvements between the MIT and the M7 Motorway and M31 Hume Motorway
- Upgrades to key intersections.

Next steps

Options assessment - underway

Preserve corridor for Western Sydney Freight Line and Intermodal Terminal access

Location

Western Sydney, NSW

Problem timescale

Near term (0–5 years)

Nominator

NSW Government

Problem

The national land freight task is expected to grow by 86% between 2011 and 2031. The Australian Infrastructure Audit 2015 found that freight rail will need to play a growing role in the movement of goods between ports and inland freight terminals. The role of freight rail will be particularly important for containerised freight with demand for container terminal port infrastructure projected to grow faster than Gross Domestic Product.

Currently, only 14% of container freight handled at Port Botany is transported by rail. If this trend continues, congestion on Sydney's road network will increase as the number of trucks required to meet the growing freight task increases.

In order to facilitate a shift from road to rail for containerised freight movement in Sydney, additional capacity and higher levels of service are required on Sydney's rail freight network.

Proposed initiative

The Western Sydney Freight Line is a proposed dedicated rail freight line connecting Western Sydney to the Sydney Metropolitan Freight Network, with connections to intermodal terminals to service freight moving through Western Sydney from across NSW. The core objective of the initiative is to reduce growth in truck movements on the Sydney road network and reduce delays to freight trains on the main Western Line, where passenger trains have priority. Preservation of the corridor is the first step to achieving this objective.

Next steps

Business case development

Preserve corridor for Lower Hunter freight rail realignment

Location

Hunter Region, NSW

Problem timescale

Near term (0–5 years)

Nominator

NSW Government

Problem

The existing Main North railway line services coal freight movements to the Port of Newcastle, interstate freight movements from Sydney and Melbourne to Brisbane, as well as intrastate freight and passenger trains.

Line congestion, and the priority given to passenger trains on shared parts of the rail network, reduce the efficiency and cost effectiveness of freight movement in the Lower Hunter region. This affects bulk freight destined for the Port of Newcastle as well as containerised and general freight being transported on the east coast freight rail network linking Melbourne, Sydney and Brisbane. Rail freight inefficiency increases costs, and makes rail less competitive than road. This in turn creates an incentive to use trucks, which increases congestion, vehicle emissions and noise, and affects amenity.

Proposed initiative

This initiative is to identify and protect a rail corridor alignment in the Lower Hunter Region to provide an opportunity to construct a dedicated freight rail line that will allow passenger services and freight trains to run concurrently on separate lines.

Next steps

Business case development

Lower Hunter freight corridor construction

Location

Lower Hunter region, NSW

Problem timescale

Longer term (10–15 years)

Nominator

NSW Government

Problem

The existing Main North railway line services coal freight movements to the Port of Newcastle, interstate freight movements from Sydney and Melbourne to Brisbane, as well as intrastate freight and passenger trains.

Line congestion, and the priority given to passenger trains on shared parts of the rail network, reduce the efficiency and cost effectiveness of freight movement in the Lower Hunter region. This affects bulk freight destined for the Port of Newcastle as well as containerised and general freight being transported on the east coast freight rail network linking Melbourne, Sydney and Brisbane. Rail freight inefficiency increases costs, and makes rail less competitive than road. This in turn creates an incentive for more trucks to be on the road, which increases congestion, vehicle emissions and noise, and affects amenity.

Proposed initiative

Develop a new rail freight alignment from Fassifern to Hexham bypassing suburban Newcastle.

Next steps

Business case development

Southern Sydney Freight Line upgrade

Location

Sydney, NSW

Problem timescale

Longer term (10–15 years)

Nominator

NSW Government

Problem

The forecast growth in interstate, intrastate and import/export freight, particularly with the development of the Moorebank Intermodal Terminal, will place significant pressure on Sydney's rail freight network and the Southern Sydney Freight Line (SSFL) in particular. The SSFL forms a key connection between the proposed terminal and other logistics hubs. Without additional capacity once Moorebank Intermodal Terminal is fully operational, the SSFL could become increasingly unreliable and face capacity constraints.

Currently, only 14% of freight handled at Port Botany is transported by rail with the remainder transported by road. On average, Port Botany produces around 3,900 truck movements daily, contributing to significant congestion on key arterial roads including the M4 and M5, both of which were identified in the Australian Infrastructure Audit 2015 as highly congested corridors.

In order to incentivise a shift from road to rail for containerised freight movement in Sydney (consistent with both NSW Government policies and findings from the Audit), further capacity and higher levels of service are required on Sydney's freight rail network. Investment in the rail freight network will be crucial to ensuring the competitiveness of landside freight infrastructure such as the Moorebank Intermodal Precinct.

Proposed initiative

The SSFL is a 36 km single line from Macarthur to Sefton. The proposed initiative involves track duplications and additional passing loops on the line. The initiative aims to support the movement of freight by rail through the city, particularly between Port Botany and the Moorebank Intermodal Precinct. It forms part of a broader strategy designed to drive growth in rail mode share.

Next steps

Business case development

Freight rail access to Port Kembla

Location

Illawarra/Southern Highlands region, NSW

Problem timescale

Near term (0–5 years)

Nominator

NSW Government

Problem

The Australian Infrastructure Audit 2015 identified that Port Kembla would face capacity constraints in the absence of any additional rail network improvements. Port Kembla is a significant economic asset. Maintaining efficient movement of freight to and from the port is a key challenge.

Currently, 60–65% of freight travelling to and from Port Kembla is transported by rail on either the Illawarra line or the Moss Vale to Unanderra line. Operations on both lines are limited by passenger rail services in the region, resulting in disruptions to freight scheduling. Queuing of up to 11 hours is common as passenger services are given priority.

Port Kembla's Outer Harbour development is expected to attract overflow container traffic from Port Botany. The NSW Government has stipulated that Port Kembla should generally not accept more than 120,000 TEUs per annum by road. This is around 10% of Outer Harbour container capacity. This is likely to lead to a significant increase in demand for rail services.

Inadequate rail freight capacity may lead to a substantial increase in road freight, further constraining the Illawarra region's road network.

Proposed initiative

Improve rail freight access to Port Kembla. This could be through enhancements to the Illawarra and/or Moss Vale–Unanderra lines, or through future development of an alternative rail alignment to the port.

Next steps

Options assessment - required

Northern Sydney Freight Corridor Stage 2

Additional track West Ryde to Rhodes and Thornleigh to Hornsby

Location

Sydney, NSW

Problem timescale

Longer term (10–15 years)

Nominator

NSW Government

Problem

Demand for East Coast rail freight is projected to grow rapidly. Interstate container freight in the Newcastle to Sydney corridor is projected to grow four-fold from 2012 to 2028. This rapid near term growth is driven by improvements to freight transport availability and reliability due to the Northern Sydney Freight Strategy Stage 1 project.

Once Stage 1 is completed in 2016, the corridor's capacity will increase by 50%, from 29 to 44 freight trains each day, and will accommodate growth in demand for rail freight up until 2028. In the longer term, the Sydney metropolitan rail network may again become a point of bottleneck for the rail freight network, mainly because of priority given to passenger rail services.

Proposed initiative

The initiative comprises additional tracks from West Ryde to Rhodes and from Thornleigh to Hornsby.

Next steps

Business case development

Melbourne container terminal capacity enhancement

Location

Melbourne, Victoria

Problem timescale

Longer term (10–15 years)

Nominator

Audit identified gap

Problem

The Port of Melbourne is Victoria's busiest port and the largest container and general cargo port in Australia. Traffic at the port has grown at 6% per year over the last two decades. The Australian Infrastructure Audit 2015 identified that, even with planned expansions, additional container terminal capacity will be required before 2031.

The development of additional container terminal capacity in Melbourne, with dedicated rail links connected to the national rail system, will help to alleviate congestion caused by road freight movements.

Given Melbourne's central role in Australia's freight supply chain, inadequate port capacity in Melbourne could have broader national consequences.

Proposed initiative

Planning and construction of additional container terminal capacity in Melbourne to cater for projected increases in containerised freight volumes.

Next steps

Initiative development - required

Mount Isa–Townsville rail corridor upgrade

Location

Far North Queensland

Problem timescale

Medium term (5–10 years)

Nominator

Queensland Government

Problem

The current rail line between Townsville and Mount Isa is capacity constrained with inefficient rail and terminal operations. These constraints include access to the Port of Townsville, short passing loop lengths, and limited passing opportunities.

In its current form, the rail line does not have capacity to cater for the projected increase in demand for rail haulage from mines in the Mount Isa region to the Port of Townsville. Future demand on the line is, under a moderate scenario, estimated to be 20 million tonnes per year. In 2011, the line carried 6 million tonnes and had a theoretical capacity of 7.5 million tonnes.

Proposed initiative

The initiative proposes the following works:

- Enhancements to western sections of the Mount Isa to Townsville Rail Corridor
- Construction of a new 6.5 km Townsville Eastern Access Rail Corridor to provide direct access to export facilities at the Port of Townsville for longer trains.

Next steps

Business case development

Gladstone Port land and sea access upgrade

Location

Gladstone, Queensland

Problem timescale

Medium term (5–10 years)

Nominator

Gladstone Ports Corporation

Problem

The Australian Infrastructure Audit 2015 found that growth in mineral and gas exports will lead to significant growth in demand for regional highway, rail and port infrastructure. Improving connections to ports will be essential to supporting these industries.

Gladstone Port handled 116.7 million tonnes in 2015–16. The Port's most recent 50 year plan (2012) envisages the port's capacity will ultimately grow to 250–300 million tonnes per year. The Audit noted that Gladstone Port handled around 7.5% of Australia's total bulk imports and exports (measured in gross mass tonnes) in 2012–13.

Gladstone Ports Corporation has referred to a recent study which identified a number of opportunities to invest in infrastructure to underpin growth in Central Queensland's mining, export and agricultural sector. These opportunities relate to land and sea access infrastructure designed to support productive supply chains to Gladstone Port.

Proposed initiative

The proposal covers a range of potential projects including:

- Channel management to increase export capacity through the port
- Upgrades to road and bridge infrastructure that service the port
- New rail infrastructure to provide direct connections from the Surat Basin to the port.

Next steps

Options assessment - required

Perth container terminal capacity enhancement

Location

Perth, WA

Problem timescale

Longer term (10–15 years)

Nominator

Audit identified gap

Problem

Capacity at the current container terminal at Fremantle Port is limited. The Australian Infrastructure Audit 2015 indicates that with improvements in productivity and some development, the capacity of the terminal could be up to 1.4 million containers per year.

In 2015–16, Fremantle Port handled 715,107 containers. Assuming port container traffic grows at 3.6% (in line with the average annual growth rate between 2010/11 and 2015/16), and based on current port and landside access capacity, the current facility could reach capacity in around 15 years.

According to the Audit, Fremantle Port accounted for 9.4% of Australia's containerised trade in 2012–13.

The Audit found that significant investment will be required in order to ensure that port capacity can meet the forecast growth in demand by 2031.

Proposed initiative

The initiative involves investigation, planning, and potentially corridor and site preservation for additional container terminal capacity to accommodate future demand in Perth.

Next steps

Initiative development - required

Melbourne–Adelaide–Perth rail upgrade

Location

Corridor between Melbourne and Tarcoola, SA

Problem timescale

Longer term (10–15 years)

Nominator

SA Government

Problem

The interstate rail freight network in South Australia comprises links between Melbourne, Adelaide, Perth, Sydney and Darwin and was identified in the Australian Infrastructure Audit 2015 as a key part of the National Land Transport Network. The track handles 80% of the land-based east-west intercapital freight market and is also utilised by regional mineral and agricultural producers in South Australia.

The track is expected to become capacity constrained over the next 10–15 years due to steady growth in the east-west non-bulk freight task (expected to double by 2030) and future mining and agricultural production. Some sections of track are approaching the end of asset life and have alignments that impose speed and axle load restrictions.

The combination of congestion, poor alignment, and asset age is expected to impact travel times and the reliability and productivity of the interstate freight network. The viability of future mining projects may also be affected.

Proposed initiative

The initiative proposes upgrades to accommodate higher axle loads, capacity and speed, and improve train management systems. Future development of the Melbourne–Port Augusta sections of the network will need to be considered as part of the development of the National Freight and Supply Chain Strategy, which is being recommended in the Australian Infrastructure Plan.

A project to accelerate re-railing of the Adelaide–Tarcoola section of the track, which is listed as a Priority Project on the Infrastructure Priority List, will facilitate higher axle loads, capacity and speed on that section of the track.

Next steps

Options assessment - underway

Complete Metro Ring Road from Greensborough to the Eastern Freeway

Location

Melbourne, Victoria

Problem timescale

Medium term (5–10 years)

Nominator

Victorian Government

Problem

The option for freeway travel between Melbourne's north and south-east is currently limited, and requires passing through Melbourne's inner city which is regularly congested with commuter traffic and freight traffic from the Port of Melbourne.

There is currently a 'missing link' between the M80 Metropolitan Ring Road in Melbourne's north and the M3 Eastern Freeway – EastLink in Melbourne's east and south-east. The current route – which is to use Greensborough Highway, Rosanna Road, Banksia Road and Bulleen Road – spanning approximately 9.5 km, is congested and operating close to capacity during peak periods, making it inadequate for supporting commercial and freight transport activities.

The Australian Infrastructure Audit 2015 estimates the total cost of delay on Melbourne–Geelong's urban transport network in 2011 at around $3 billion. In the absence of additional capacity, this cost of delay is projected to grow to around $9 billion by 2031.

Proposed initiative

Development of a new motorway-standard connection between the Metropolitan Ring Road and Eastern Freeway ('North East Melbourne Corridor') to reduce congestion and capacity constraints.

Next steps

Options assessment - underway

Burnie to Hobart freight corridor strategy

Location

Burnie to Hobart, Tasmania

Problem timescale

Medium term (5–10 years)

Nominator

Tasmanian Government

Problem

The road and rail corridor connecting Burnie and Hobart is identified in the Australian Infrastructure Audit 2015 as a corridor of national significance.

The corridor connects regional producers to Tasmania's ports, and producers depend on it to bring goods to market at competitive prices. The Audit projects that economic activity in the corridor will increase by 44% between 2011 and 2031.

Given the corridor's importance to Tasmania's transport network, there is a need for an integrated strategy to ensure its future efficiency and reliability. This strategy would facilitate the development of the corridor as a key freight route, supporting the economic productivity of regional producers and businesses.

Proposed initiative

The initiative seeks to develop a Burnie to Hobart Freight Corridor Strategy, which will prioritise areas for investment along the corridor, with a focus on improving intermodal freight productivity. The key elements of the strategy are to:

- Identify a single, integrated package of investment priorities for road and rail based on freight demand, corridor and system outcomes
- Confirm required road and rail infrastructure standards and service levels
- Plan for appropriate road freight infrastructure standards across the state road network, including the use of high productivity vehicles.

The strategy would be considered in conjunction with the development of the National Freight and Supply Chain Strategy.

Next steps

The Tasmanian Government is developing a Freight Strategy for the corridor for release in the first half of 2017.

Advanced Train Management System implementation on ARTC network

Location

Australian interstate rail network

Problem timescale

Near term (0–5 years)

Nominator

Australian Rail Track Corporation

Problem

Australia's interstate freight rail network is constrained over many long sections of single track. This restricts the number of train paths, reducing rail's competitiveness with road, and hindering rail's ability to meet growing freight movement demand.

Proposed initiative

An Advanced Train Management System (ATMS) is a wireless satellite communications-based train control system, that will replace line-side signalling, allowing:

- More train paths on single tracks
- Improved line capacities
- Reduced transit times and improve competition with road
- Improved rail safety
- Improved system reliability.

ATMS will improve the safety and efficiency of train operation between metropolitan centres and between national ports.

Next steps

Business case development

Sturt Highway High Productivity Vehicle capacity enhancement, including Truro bypass

Location

Truro, SA

Problem timescale

Medium term (5–10 years)

Nominator

SA Government

Problem

The road transport system is the only means of transporting goods in most regional areas of South Australia. However, the existing road network does not allow for the use of High Productivity Vehicles and the absence of a fully developed High Productivity Vehicle network is constraining productivity and the realisation of opportunities in the South Australian economy.

The Sturt Highway is part of the National Land Transport Network, providing the main route between Adelaide and Sydney. Freight growth on the Sturt Highway is expected to increase at 1.6 % per year. Increases in freight vehicle numbers will reduce the capacity of the Sturt Highway, resulting in increased travel time and costs. This negatively affects business competitiveness and productivity.

High Productivity Vehicles have the potential to carry over 30% more freight per vehicle, resulting in fewer vehicles required to move the same freight task. This reduces the costs to transport operators and end users, and reduces the number of heavy vehicles on the road, improving safety, capacity and efficiency of transport services.

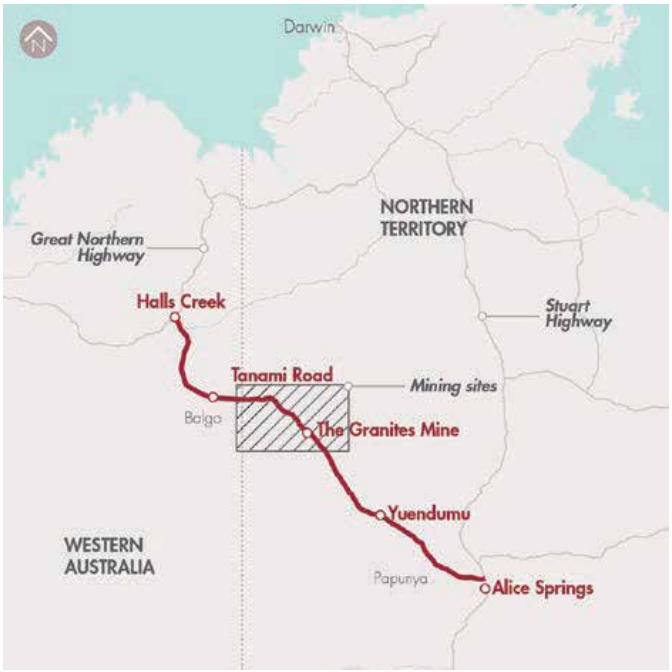
Proposed initiative

This initiative proposes the realignment of the Sturt Highway through the Truro Hills, including a bypass of the town of Truro, to improve safety and allow use of High Productivity Vehicles on the highway.

Next steps

Options assessment - required

Upgrade Tanami Road



Location

Tanami Road links the Stuart Highway in the NT to the Great Northern Highway in WA

Problem timescale

Near term (0–5 years)

Nominator

NT Government

Problem

The key problems identified in the region include:

- Limited economic opportunities for Indigenous and non-Indigenous people in the region
- Limitations to development in mining, tourism and pastoral operations
- High vehicle operating costs
- Poor flood immunity resulting in lengthy road closures
- Reduced opportunities for employment in remote areas
- Reduced access to essential services for the Indigenous population
- Broader risks to the health and safety for road users arising from poor road geometry, excessive corrugations and poor visibility.

A key cause of these problems is the poor quality of the road. Over two thirds of Tanami Road is unsealed with substantial sections being unformed. This surface has led to the development of significant ruts and corrugations from heavy vehicles.

This initiative aligns with the findings from the Australian Infrastructure Audit 2015, as well as with other government priorities, such as Closing the Gap policies. Further, the initiative was identified as an infrastructure gap in the Northern Australia Audit 2015.

Proposed initiative

Upgrade and improve flood immunity and resilience for the Tanami Road between the Stuart Highway north of Alice Springs, and the Great Northern Highway at Halls Creek.

Next steps

Business case development