Rockhampton Regional Council

Submission

**INQUIRY INTO NATIONAL FREIGHT AND SUPPLY CHAIN**

**PRIORITIES**

**JULY 2017**

This document provides evidence to address the matters raised in the Inquiry Terms of

Reference.

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**INTRODUCTION & BACKGROUND**

Rockhampton is recognised globally as the economic heart of Central Queensland. It is home to a critical mass of residents, high quality services, facilities and a dynamic and prosperous economy driven by entrepreneurial and innovative businesses, strategic investment and international exports.

Rockhampton’s central location along major north, south and west transport and freight infrastructure routes, its proximity to major mining and resource development, and the large customer base and labour force all have the potential to drive growth and prosperity. Rockhampton is the nexus linking Central Queensland’s goods and services to the nation and beyond, with the Gracemere and Parkhurst industrial areas having vital Type 1 Road Train access designation and 24hr heavy industry operations worthy of more investment.

In today’s globalised economies, efficient and integrated transport and logistics systems are drivers of competitiveness and economic development. For Rockhampton to realise its economic potential, we must redevelop inefficient transport routes, improve national and international linkages and develop contemporary logistics facilities. To achieve these, Rockhampton has committed to working to address three critical challenges:

1. City ring road (with rail in the corridor): Vital to reduce travel times for both national freight network elements (the East Coast Rail Line and the Bruce Highway).

2. Development of regional integrated logistics and industry hub: Vital to help reduce

pressure from Australia’s freight growth task currently being concentrated in Brisbane.

3. Airport planning and investment connecting people with the region and goods freight to consumers: Creating new freight and passenger connections in Australian and overseas.

While the private sector will provide most of the investment needed, the State and Federal Government must prioritise and fund upgrades and improvements to critical transport infrastructure to create the networks and environment needed to mitigate risk and facilitate investment. Rockhampton Regional Council will work to ensure that critical investment is appropriately prioritised to remove constraints to investment and facilitate long awaited social benefits.

Rockhampton Regional Council has nominated ‘transport and logistics’ as one of its top priorities in the Advance Rockhampton Economic Action Plan (2016). It continues to collaborate with local, state and national business and government stakeholders in order to advocate for reforms and investments to boost productivity, improve reliability and stimulate diversification for the nation’s economic growth.

**A. FREIGHT IN AUSTRALIA – ARE WE COMPETITIVE?**

In response to this section of the discussion paper, Rockhampton Regional Council makes the following points:

1. It is agreed that the Australian domestic freight task has been (and will continue) increasing and that it is causing increasingly complex challenges for Australian communities. **Comment:** Complexity and community tensions are high where import and export freight tasks are unnecessarily concentrated into already congested capital cities.

2. The road and rail freight task in Australia continues to be concentrated in southern ports, airports, and roads. This is a significant source of lost productivity for the freight headed into and out of Northern Australia, and to the businesses that

depend on it. Freight being shipped between Northern Australia and Asia continues

to largely be transported into and out of capital city ports, creating additional kilometres. **Comment:** Australia needs a “National Freight Redistribution Strategy” to set direction for industry and governments on opportunities to move the freight task to Northern Australia. Significant capacity is available within facilities across Northern Australia that are underutilised because coordination is needed to achieve economies of scale (i.e. not viable if 1 supply chain element moves, but viable if 5 move at once).

3. It is agreed that Australia’s air freight task is growing in both volume and value.

**Comment:** Rockhampton Regional Council has an internationally capable Airport, capacity in the existing infrastructure for an additional 1 million passengers, plus shovel ready plans to establish international passenger and freight capability. Regulatory factors affecting productivity for the airport include barriers to securing agreement from Customs and Immigration to establish permanent staffing for the Airport, with the capability being brought in temporarily during international freight and personnel movements associated with American, Singaporean, and New Zealand training.

4. It is agreed that congestion is harming national productivity and competiveness.

**Comment:** Planning, delivery and operation are only part of the story. A lack of competition is compounding this and new (additional) freight centres are needed.

Overall, the Rockhampton Region is willing to take a share of the growth in domestic and international freight tasks by leveraging it nationally significant road, rail, air and sea linkages and capacity to boost productivity.

**B. NATIONAL CRITICAL ISSUES AND EMERGING**

**TRENDS**

Rockhampton Regional Council (RRC) notes the points raised by the discussion paper in relation to this topic and makes the following points:

1. Rockhampton Regional Council notes that the largest growth in Australia’s freight task is expected to occur in Brisbane, with an average annual growth rate of 2.8% and forecast task of 14.26 billion tkm in 2030. The discussion paper states that to avoid future land use conflicts, Australia must ‘build on technological innovations’ to drive productivity gains. **Comments:**

a. Technological innovations are only part of the solution. Planning, investment and reforms to drive redistribution of the freight task is a vital lever available to address this. Supply chain elements that require bulky high-value air freight (e.g. specialised mining and other equipment) or non- time critical port, rail or road freight are candidates for such shifts.

b. Existing congestion and capacity problems present barriers to entry for new business/competition in an industry where market concentration is notable. A concerted effort is thus needed by Government to create competition

through establishment of new locations and modes that can offer economies of scale and cost/time-competitive logistic efficiencies.

2. The Discussion Paper asks “How are other countries dealing with the landside implications related to distributing cargo from bigger ships?” **Comment:** The best example of an integrated and ‘future proof’ solution is the Tuas mega-port that is the high-tech centrepiece of Singapore’s Next Generation Port vision. The port relocation is enabling new innovations and capacity to be developed proactively for

their future freight task. It will be transformational for productivity and supply chain efficiencies associated with the ships, land side operations and distribution opportunities of the future. Australia needs to be open to a ‘step change’ in our approach across all logistics infrastructure categories too, if our goods exporters are to be able to compete in the world.

3. The Changing Technology section is noted and supported. **Comment:** Council is

[implementing](https://www.google.com.au/url?sa=t&amp;rct=j&amp;q&amp;esrc=s&amp;source=web&amp;cd=2&amp;cad=rja&amp;uact=8&amp;ved=0ahUKEwj_5r3a-Y7VAhWHopQKHRjvBckQtwIIJzAB&amp;url=https%3A%2F%2Fwww.youtube.com%2Fwatch%3Fv%3DREpwMA8VgUE&amp;usg=AFQjCNFPj3tB8oeh-z1Lj4ky2kCeWLFsYw) “[Smart Way Forward Strategy](http://www.google.com.au/url?sa=t&amp;rct=j&amp;q&amp;esrc=s&amp;source=web&amp;cd=1&amp;cad=rja&amp;uact=8&amp;ved=0ahUKEwjo3uPG-Y7VAhWCEpQKHSOPDMUQFggmMAA&amp;url=http%3A%2F%2Fwww.rockhamptonregion.qld.gov.au%2Ffiles%2Fassets%2Fpublic%2Fcorporate-services%2Fsmart-regional-centre-strategy%2Frrc-smart-region-final-digital.pdf&amp;usg=AFQjCNEKiYbJvqMUIQ2VGtmdXv33DVgQnw)”. The Rockhampton Airport was chosen by the Australian Defence Force for its [first Unmanned Aerial Vehicle](http://www.google.com.au/url?sa=t&amp;rct=j&amp;q&amp;esrc=s&amp;source=web&amp;cd=1&amp;cad=rja&amp;uact=8&amp;ved=0ahUKEwjdgojs-Y7VAhUFLpQKHZyGBzsQFggiMAA&amp;url=http%3A%2F%2Fwww.abc.net.au%2Fnews%2F2015-06-24%2Fraaf-unmanned-heron-aircraft-talisman-sabre%2F6569900&amp;usg=AFQjCNHeut9XV-qtkQtS929_L4PNzMmucQ) flight in domestic airspace. Aurizon chose the region to first [trial drone](https://www.itnews.com.au/news/aurizon-uses-drones-to-inspect-rail-assets-397377) technology in the Central Queensland Coal Network. We are a site selected for  [elec tr ic vehicle ‘ fu el](http://www.google.com.au/url?sa=t&amp;rct=j&amp;q&amp;esrc=s&amp;source=web&amp;cd=1&amp;cad=rja&amp;uact=8&amp;ved=0ahUKEwiYpO-i-o7VAhUBqJQKHfmuB2IQFggxMAA&amp;url=http%3A%2F%2Fwww.rockhamptonregion.qld.gov.au%2FAboutCouncil%2FNews-and-announcements%2FLatest-News%2FRockhampton-powers-up-with-new-electric-car-charging-stations&amp;usg=AFQjCNFHh1ezAMxsaUidBKF3vdJjvgq-wA)

 [sta tions’](http://www.google.com.au/url?sa=t&amp;rct=j&amp;q&amp;esrc=s&amp;source=web&amp;cd=1&amp;cad=rja&amp;uact=8&amp;ved=0ahUKEwiYpO-i-o7VAhUBqJQKHfmuB2IQFggxMAA&amp;url=http%3A%2F%2Fwww.rockhamptonregion.qld.gov.au%2FAboutCouncil%2FNews-and-announcements%2FLatest-News%2FRockhampton-powers-up-with-new-electric-car-charging-stations&amp;usg=AFQjCNFHh1ezAMxsaUidBKF3vdJjvgq-wA) , open to drone delivery, and seeking to encourage 3D printing products.

**C. NEXT STEPS**

Council notes the points raised in the ‘Next Steps’ section of the Discussion Paper, and

seeks to make the following points:

1. A ‘key driver for change’ factor in the Scenario Planning should include “Government Policy to re-distribute portions of the air, port, road, and rail freight task to available capacity in Northern Australia (e.g. the Rockhampton Region).”

2. Rockhampton Regional Council would be willing to participate in a Case Study effort

being led by the Inquiry.

3. Council has prepared specific comments on the National Freight Performance

Framework, which are outlined in the next section.

**D. NATIONAL FREIGHT PERFORMANCE FRAMEWORK** This section responds to the Australian Government’s request for views on the potential need for a national freight performance framework and the likely key indicators.

These comments relate to both the existing freight performance indicators and the indicative proposal for additional indicators proposed by the Bureau of Infrastructure, Transport and Regional Economics (BITRE) in the “National Freight Performance Framework: Working Paper” (Department of Infrastructure and Regional Development,

2017). In particular, a set of new “Potential Supply Chain Indicators” (Table 1.3) will be developed by BITRE for “several indicative supply chains” (Department of Infrastructure and Regional Development, 2017, p. 3).

Rockhampton Regional Council understands that the document is a proposal only, and that the ‘indicative supply chains’ will be chosen to capture a range of freight types, locations, and modes. The indicators will then be regularly updated, to monitor changes in performance over time.

The discussion paper notes that BITRE welcomes feedback on which supply chains would be most suitable and what key indicators should be reported. Rockhampton Regional Council notes that Table 1.3 currently has “Darling Downs -> overseas” as Australia’s ‘Export Beef’ indicative supply chain.

While the case study may be of interest for BITRE as a way to examine the impact of new air supply chain connections, it is not a good case study to inform strategy and policy for the broader settings that determine freight and supply chain priorities across Australia.

The Central Queensland (Fitzroy) supply chain for Export Beef is a better case study to monitor because:

1. Fitzroy has a higher value of cattle and calf production ($950 million 2014/15) (ABARES, 2017) than the ‘Darling Downs-Maranoa’ supply chain ($910 million

2014/15) (ABARES, 2017).

2. The Fitzroy beef export supply chain includes the opportunity to examine the performance and potential of all transport modes, whereas the proposed ‘Darling Downs-Maranoa’ supply chain does not have rail or sea modes.

3. Rockhampton Regional Council owns the Rockhampton Airport and is preparing to support new growth in beef air freight exports, so could provide a way to examine the performance and value improvement impact of new air supply chain opportunities within a multi-modal and inter-modal system.

***Comment:***

***Rockhampton Regional Council requests that Central Queensland be selected as Australia’s ‘indicative supply chain’ for ‘Export beef’, and the proposed indicators in this supply chain be regularly updated by BITRE to monitor changes in performance over time.***

**WORKS CITED**

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Canberra: Commonwealth of Australia.

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**CONTACT**

Rockhampton Regional Council

Phone: 1300 22 55 77

Email: enquiries@rrc.qld.gov.au