

## **INQUIRY INTO NATIONAL FREIGHT AND SUPPLY CHAIN PRIORITIES**

### **TERMS OF REFERENCE**

The Australian Government is seeking to improve freight and supply chain efficiency and capacity and to reduce the costs of transporting goods through our major national container ports, airports and intermodal terminals.

To achieve this the Government is undertaking an Inquiry into Australia's National Freight and Supply Chain Priorities. Identified priorities will inform the development of a long term (20 year) National Freight and Supply Chain Strategy through the COAG Transport and Infrastructure Council.

An Expert Panel will assist in the inquiry, by reviewing inquiry findings, providing advice on how Australia can best lift productivity and the efficiency of Australia's freight and supply chain infrastructure, and leading engagement with industry on the inquiry's objectives. The Expert Panel will be able to access specialist advice to complete its role throughout the inquiry process.

Productivity is the foundation for growth in Australian incomes and living standards. The freight and supply chain sector contributes to that growth as a service provider to Australian industries, communities and regions, and as the connection to international suppliers and consumers.

Australia's freight task is expected to grow by around 50 per cent over the next two decades. Australia's freight supply chains, including road, rail, shipping and air, need to continue adapting to meet the freight task.

When examining options for new and/or adaptive capacity to meet forecast freight growth, and possible productivity and efficiency improvements for freight and supply chain infrastructure, the inquiry will need to take into account a range of factors and possible interdependencies, including: urban, regional and investment planning; efficient markets; competition; innovation; connectivity; resilience; and safety. Industry has identified the following measures as important:

- preservation of transport corridors and protection of access corridors (including shipping channels) and freight precincts from encroachment which reduces efficiency and capacity of key national port, airport and intermodal terminal assets;
- integrated land use and transport planning to ensure adequate land transport and site capacity, including airport/port/intermodal terminal master planning;
- rail access to ports and intermodals;
- efficient pricing and competitive access arrangements for key infrastructure assets;
- efficient infrastructure investment planning;
- first and last mile issues;
- road and supply chain safety;
- better use of big and open data to maximise innovation opportunities;
- the key technology changes likely to enable further efficiency and safety improvements; and
- effective supply-chain performance data and measurement.

### **Scope of the inquiry for a national freight and supply chain strategy**

Without limiting related matters, the inquiry and development of a national freight and supply chain strategy through consultation with industry will inform Transport and Infrastructure Council members, by:

1. Establishing the capacity of the key national ports, airports and intermodal terminals in comparison to international markets with similar characteristics, identifying trends occurring in the global supply chain and reviewing the adequacy of investment planning to efficiently meet forecast growth to keep Australia's position with its trading partners;
2. Determining the regulatory and investment barriers to improved efficiency and access to key national terminals, including road and rail corridors;
3. Establishing the opportunities for regulatory changes and targeted investment to lift the capacity of key supply chain nodes and improve efficiency of operations, including an analysis of the implications of the changing profile of ownership in large scale supply chain infrastructure such as ports and rail;
4. Identifying the costs and benefits of options at a national level to improve:
  - a. The efficient operation of our national supply chain system, including effective and transparent public performance measures for key national terminals; and
  - b. Broad first and last mile issues.
5. Providing options for scenario planning and predictions, where possible, related to the following areas:
  - a. Future developments across the supply chain e.g. distributed production and changes in technology;
  - b. Urban distribution and impacts of the movement of freight in urban areas due to population growth and changing consumer activities such as online shopping;
  - c. Decentralisation and redistribution of the population into regional centres;
  - d. Trade arrangements and the development of distribution systems in agriculture; and
  - e. Impacts on the supply chain following major climatic events.
6. Exploring opportunities to use big and open data and new digital technologies to improve the performance of our freight infrastructure; and
7. Identifying options and recommending regulatory changes and investment actions (public or private) that will benefit the economy over the next 20 years. Specifically through improved performance, productivity and efficiency of the freight and supply chain network and infrastructure.

The inquiry should have regard to any recent policy reviews commissioned by Australian governments relating to the productivity performance of Australia's transport infrastructure such as:

- The current [land transport market reform and work program](#);
- Productivity Commission's [National Access Regime, Infrastructure](#) and [Agriculture](#) Reviews – 2013-2016;
- [Harper Competition Policy Review](#) – 2015;
- Infrastructure Australia's [2015 Infrastructure Plan](#) and [2016 government response](#);
- [Agricultural](#) and [Northern Australia](#) White Papers – 2015;
- [Industry Innovation and Competitiveness Agenda](#), and [National Science and Research Priorities](#) – 2014-2015;

- [National Ports Strategy](#), [National Land Freight Strategy](#) and current state and territory freight/port strategies and plans – 2012 to present;
  - [Coastal shipping reviews](#) and [city deals](#);
  - [National Rail Vision and Work Program](#);
- and include any international best practice guidance relevant to freight and supply chain infrastructure.

#### **Process**

The inquiry report should be supported by evidence and, where possible, provide qualitative analysis where data is not available.

A draft report is to be made available for industry and government for comment by December, and the final report should be provided to the Government by March 2018

#### **DARREN CHESTER**

Minister for Infrastructure and Transport

9 March 2017