Secretariat
National Freight Data Hub
Department of Infrastructure, Transport, Cities and Regional Development

Via email: freightdatahub@infrastructure.gov.au

Dear Secretariat

Re: Sydney Airport submission – Discussion Paper #1 – National Freight Data Hub

Thank you for the opportunity to comment on the Department of Infrastructure, Transport, Cities and Regional Development’s National Freight Data Hub: Discussion Paper #1 (the discussion paper).

The National Freight and Data Hub (the Hub) has the potential to assist both industry and government in making more informed planning and investment decisions by increasing visibility of the freight supply chain in Australia.

As you would appreciate, international trade and air routes are vital to Australia’s continued economic prosperity. Airports are an essential part of the transport networks that all successful modern economies rely on, and their efficient operation helps drive productivity gains across many sectors of the economy.

Sydney Airport is vital to the Australian economy. In 2017 alone, Sydney Airport supported $38 billion in economic activity representing 2.2% of the Australian economy and 6.8% of the NSW economy. This economic activity supports 32,700 direct jobs across 800 business at the Airport and 338,500 jobs overall, generating $19.9 billion in household income annually. By 2039, the overall economic contribution of Sydney Airport is forecast to reach $52.6 billion, supporting 414,600 jobs.

The growth of airfreight

Critical to this growth will be continued demand for airfreight coming in and out of Sydney Airport.

In an environment where the freight task in NSW is forecast to increase by 28% overall and 50% in Greater Sydney through 2036\(^1\), getting the policy settings and data standards right in this space is critical.

\(^1\) NSW Freight and Ports Plan 2018-2023, p17
In 2017, Sydney Airport handled more than 643 thousand tonnes\(^2\) of airfreight with the international component worth around $52.5 billion\(^3\), representing about 45% of Australia’s international airfreight imports and exports\(^4\). Moreover, total airfreight volumes at Sydney Airport are forecast to increase by 58% through 2039\(^5\). At the same time, container loads from Port Botany may triple over the next 30 years from 2.3 million TEU to 8.4 million TEU\(^6\) each year.

There has also been a recent movement resulting in the liberalisation of trading arrangements between countries which will support continued growth in airfreight.

For instance, under the Trans-Pacific Partnership Vietnam, Canada and Peru eliminated seafood tariffs on commencement of the agreement, with Japan and Mexico set to follow within 15 years.

The World Trade Organisation’s 2013 Bali Agreement is another important driver supporting the growth of airfreight. This Agreement, which came into effect in February 2017, has a focus on improving trade facilitation, with one of its key articles being a provision enabling paperless customs administration with quicker release and clearance of goods.

The treaty includes special treatment protocols for perishable goods, whereby Customs will prioritise the examination and release of these items. With perishable goods generally better transported by airfreight over other modes of transport, airfreight is particularly well positioned to benefit from the Bali Agreement.

Other free trade agreements have also been negotiated with key Asian markets over the last decade. The removal of barriers to trade with these markets, combined with the strong growth in demand for goods that are best suited to air transport, will support the growth of airfreight into the future.

**Key challenges in the airfreight market**

Commentary on specific requirements around things such as data sharing and access requirements are beyond our scope to comment on. However, we have included commentary below on what we believe the purpose of the Hub could be and some ideas on the type of data that could be in scope to be captured to allow for more efficient use of port infrastructure.

**Purpose of the Hub**

While growth in airfreight is critically important to the Australian economy, there are certainly challenges around the availability of data and the application of consistent data standards across the industry. This often leads to disparate and inconsistent data being produced, which in turn impacts visibility of the market, and the available information which contribute to planning and investment decisions by port operators.

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\(^2\) Sydney Airport Master Plan 2039, p64  
\(^3\) Infrastructure Partnerships Australia, 2019 International Airfreight Indicator, pp18-19  
\(^4\) ibid  
\(^5\) Sydney Airport Master Plan 2039, p50  
\(^6\) Australian Logistics Council submission to the Sydney Gateway Concept Design, p2
The clear and stated purpose of the Hub should be to ameliorate the inconsistency in data sharing, data standards and accessibility in order to improve the decision-making capability of industry and government. This needs to be done carefully in balancing public interest and industry objectives against commercial sensitivities.

Further commentary is included below on some items we believe the Hub may be able to capture to improve market visibility around:
- establishing a baseline for what is coming in and out of ports;
- how to support growth in e-commerce;
- better visibility around total airfreight movements;
- better visibility of freight movements in and out of intermodal facilities;
- capturing data on first and last mile heavy vehicle movements in and around urban ports;
- benchmarking the availability of industrial land around ports; and
- addressing issues around empty containers.

A baseline for what is coming in and out of ports

As the discussion paper notes and Sydney Airport appreciates, a lot of data held by industry that could be in scope for the Hub is commercially sensitive and confidential. However, currently, even at a base level, there is a distinct lack of visibility of the volume, value, and type of items coming into and out of ports, especially domestically where there are lower processing and screening requirements.

This is something that should be remedied. While the data should have sufficient protections and be anonymised, a publicly available baseline dataset should be established that is held by the Hub and updated regularly. This information is important for the broader industry to help get investment decisions right and being able to effectively plan for and have appropriate infrastructure and resourcing to manage the freight task ahead.

For instance, this type of data would feed into the Master Planning process airports undertake every five years. Within this process, expected airport capital expenditure is laid out, including on freight facilities at Sydney Airport.

The growth of e-commerce

E-commerce is rapidly changing the nature of the logistics sector, with the consumer becoming more and more important. Traditionally imports and exports were driven by business. However, this is now changing to an environment where imports and exports are also driven by individual consumers on the back of worldwide trends.

This is fundamentally changing the model of the logistics industry. For example, with consumers increasingly driving low volume import and exports, this ultimately requires many more distribution points in the network. Moreover, lower volume imports are also driving increased movements by smaller courier trucks on varying schedules, rather than traditional heavy vehicles moving container loads at a time.

The main issue is the distinct lack of visibility regarding growth in the e-commerce market generally. Whether this be information on location, first and last mile connection points, the number of and interaction with distribution centres, the trend in a changing vehicle fleet moving goods, changes in the time of day of movements where goods are being

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moved around the clock, and the impact this has on congestion in and around key urban ports – this lack of visibility is having an impact.

The Hub should attempt to form and publish a best practice baseline dataset to build understanding and provide visibility on the growth in e-commerce and the impact it is having on the logistics industry. Without data of this nature, there are negative impacts for port operators. This is because there is a lack of information on which to undertake proper planning around the efficient use of infrastructure and the types of investments that are needed to deliver the right type of capacity. If these things are not properly informed, this can lead to suboptimal outcomes for the whole supply chain, which in turn negatively impacts productivity and economic growth.

Better visibility of airfreight movements

Around 80% of airfreight is carried in the belly-hold of passenger aircraft\(^7\), with the balance carried by dedicated freighters. In large part, this contributes to making routes viable for airlines by providing an additional source of revenue.

However, issues arise on the back of this. It is difficult to gain an understanding of how many passenger flights contain freight in the belly-hold and which routes they are flying on.

This type of data should be maintained by the Hub in a national dataset and updated regularly. Given the global connectivity of airfreight and implications for trade, it is important to understand where trade is being driven from. This visibility would allow airports and airlines to forge deeper partnerships in well-established, and more critically, emerging markets to better target and harness opportunities in markets where trade growth is strong, delivering significant economic benefits to Australia.

Supporting the development of new airfreight opportunities

As discussed above, freight can be a key driver of airline route profitability. The ability to open up new passenger routes often goes hand in hand with the opportunity to support new airfreight market opportunities.

The market presents opportunity for growth for new routes from emerging countries such as Bangladesh and Nepal. However, despite often having the requisite bilateral air traffic agreements in place to commence such services, preclusions around airfreight from these regions can be a hinderance to the uptake of these services.

In partnership with industry, there is a strong role Government can play around knowledge sharing and developing secure processes in emerging markets to support the growth of airfreight in our region. This type of capacity building would have direct benefits in these markets and in Australia more broadly.

Better visibility of freight movements in and out of intermodal facilities

It has been a long-stated policy intention to get more freight moving in and out of ports by rail, but this has long been cost prohibitive. Moving freight onto rail has obvious benefits

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\(^7\) *Sydney Airport Master Plan 2039*, p50

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such as relieving congestion especially in key urban locations such as around Sydney Airport.

The opportunity to move more freight onto rail is increasing through projects such as Inland Rail and the Botany Rail Duplication. As part of this, intermodals are an increasingly critical part of the supply chain in receiving goods from ports, processing them, and facilitating movement to their end destination.

Given there is a lack of visibility of how freight is moved end-to-end, collection of data on first and last mile movements by road and rail into and out of intermodals will become increasingly important. With better visibility, this would allow better planning and assist in the ability to model freight movements to optimise use of road and rail networks, particularly in urban centres. To support this, the Hub should also collect data on pricing structures of moving freight by road and rail to allow the issue of cost to be explored and monitored over time.

Understanding the impact of heavy vehicle movements in and around ports

With massive growth forecast in freight volumes at Sydney Airport and Port Botany, heavy vehicle movements in the precinct will necessarily increase. While Sydney Airport supports the increased volumes of freight and the economic activity that will result from this, proper information is missing around the first and last mile impacts of heavy vehicles operating in and around the Airport and Port Botany.

Currently there is little publicly available information on heavy vehicle movements on issues including:

- frequency of movements;
- the time of day movements occur;
- movement patterns/routes;
- dwell times;
- congestion impact; and
- impact on road surface quality.

Given this, it is currently difficult to understand the impact caused by heavy vehicles around key urban ports. Setting an industry standard and then maintaining a dataset on performance against these metrics would build much better understanding of the impact of road-related congestion presented by heavy vehicles.

In turn, this would help inform planning and investment decisions on roads by both Sydney Airport and the NSW Government regarding road maintenance and strategic investment decisions on where to increase capacity on constrained land. Further, this would help inform route planning to make heavy vehicle movements more efficient, at the same time as reducing congestion and improving productivity.

Benchmarking industrial land usage

Sydney Airport and NSW Ports, through its Port Botany site, are increasingly operating in an environment where industrially zoned employment land is being lost to both urban encroachment and conversion to higher value land uses. Operating in this environment is a significant challenge as it can undermine the ability of industry in and around the Airport and Port Botany to grow.

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As the Greater Sydney Commission notes, an acceptable benchmark of industrial land is three-square metres of industrial land per capita for urban services within any district\(^6\). Within the ‘Eastern City’, where Sydney Airport and Port Botany are located, in 2016 there was about two square metres per capita – this is projected to deteriorate further to about 1.8 square metres per capita by 2036\(^8\).

While visibility of industrial lands does exist through zoning and planning processes, it is often disparate and disaggregated based on individual proposals, rather than being seen as whole. The Hub should maintain and publish a dataset on industrial land availability in regions where urban encroachment presents a significant threat to growing industry. The purpose of such a dataset would be to create a central resource and build community understanding of the issue.

Given the growth in forecasts in freight volumes from both Sydney Airport and Port Botany, without appropriately zoned land in their vicinity for industry to grow, significant economic development opportunities may be lost. If this were to happen, this presents a significant loss to the local community in terms of employment, and the NSW and national economies in driving growth.

Empty containers driving inefficiencies

The principle on which the logistics industry operates is on a container in, container out basis so as not to store excess inventory. This is often not possible, therefore requiring empty containers to be received and stored in transhipment yards close to ports. In turn, this increases transport footprint during the shipment back to port and contributes to road congestion around ports.

In order to remedy this, the Hub should collect and publish data on the number of empty containers stored at each transhipment yard location and the mode of transfer to the port on an annual point-in-time basis. This would help to bring visibility to the issue, which over time, may lead to further innovation in the industry to reduce the overall physical footprint by clearing empty containers efficiently. This would help to boost productivity of ports which would assist in driving positive economic outcomes.

Conclusion

Thank you again for the opportunity to comment on the discussion paper. Sydney Airport is happy to discuss any of these matters should that be of assistance. If you would like further information, please feel free to contact Sydney Airport’s Manager Public Affairs,

Yours sincerely

Hugh Wehby
Chief Operating Officer

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\(^6\) Greater Sydney Commission, A Metropolis of Three Cities, pp131-132
\(^8\) Ibid