

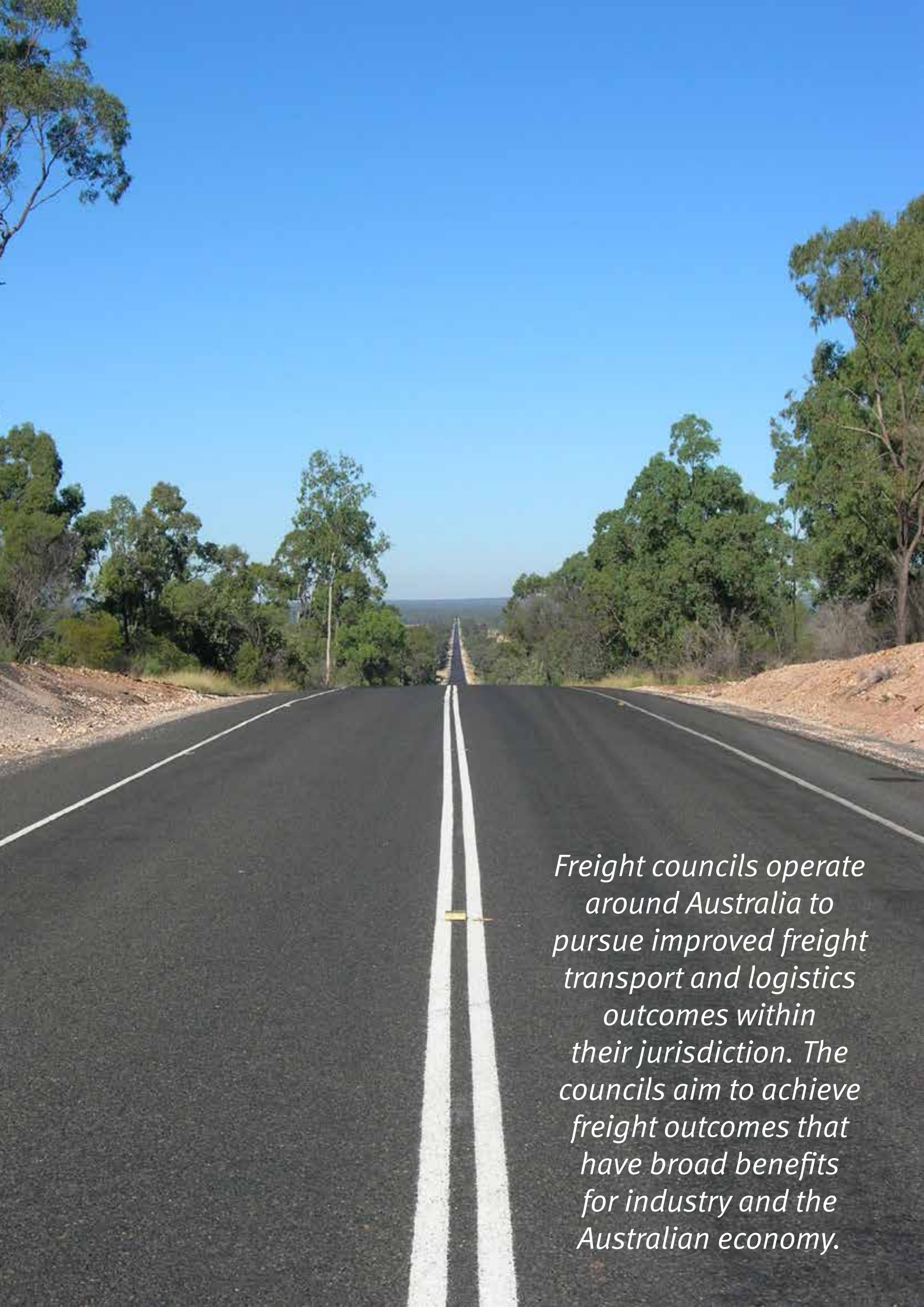


Freight Councils of Australia

Submission to the Commonwealth Department of Infrastructure and Regional Development for the ongoing provision of funding (2014/15-2016/17) for Australian freight councils

November 2013





Freight councils operate around Australia to pursue improved freight transport and logistics outcomes within their jurisdiction. The councils aim to achieve freight outcomes that have broad benefits for industry and the Australian economy.

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Foreward

The Australian Freight Council Network (AFCN) is the collective of freight councils in this country.

The operations of state-based freight councils are vital to delivery of the COAG national transport reforms by:

- offering comprehensive local networks through which to facilitate progress of national policy
- encouraging regional feedback to a national level in the absence of federal freight representation locally
- assisting delivery of improved national policy through industry input and ownership at all stages of policy-making
- providing a channel for high level industry advocacy of better freight and logistics outcomes
- giving rise to solutions to state issues before they become broader ones that jeopardise the national agenda
- conducting practical research into freight and logistics issues that would not otherwise happen
- influencing state governments to support good national policy.

Freight councils provide important feedback at a federal level direct to the Commonwealth and its agencies, but also to national policy bodies such as Infrastructure Australia and the National Transport Commission.

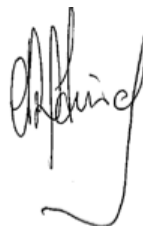
Freight councils recognise the reality of the current economic climate and increasingly focus on systems solutions rather than hard infrastructure ones.

The Commonwealth has supported the work of freight councils since their establishment in the mid-nineties because of their contribution to COAG's national transport reform agenda. More specifically:

- Federal funding has been set at \$200,000 per council per year for a number of years.
- While modest, this funding is vital in leveraging government and industry support at a state level of up to three times that amount.
- Federal funding is contingent on freight councils reporting regularly and comprehensively against an agreed set of key performance indicators.

This submission sets out freight council projects of direct relevance to the national reform agenda, demonstrating the value councils provide towards the safe and productive movement of freight in Australia.

Against the background of these points, we, chairs of the respective freight councils, are seeking an extension of federal funding of freight councils from the end of 2013/14 for another three-year period.



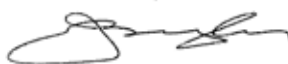
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Introduction

Freight councils operate around Australia to pursue improved freight transport and logistics outcomes within their jurisdiction. The councils aim to achieve freight outcomes that have broad benefits for industry and the Australian economy. To do this, they work together across boundaries and are collectively known as the Australian Freight Council Network (AFCN).

The AFCN is a formal coalition of freight councils from across the country, established to progress policy issues of common interest. It comprises the chairs and executive officers from all councils. The chairmanship and secretariat duties for the group are rotated every two years.

The AFCN currently comprises freight councils from Victoria, Queensland, South Australia and Western Australia, with additional lines of communication to the freight industry and freight policy makers in the other states and territories.

In addition to its members' local networks, the AFCN maintains strong relationships at a national level through regular meetings with the Department of Infrastructure and Regional Development on the National Land Freight Strategy and other freight transport and logistics matters.

Councils provide a unique forum that brings together, at a local level, key industry representatives across all modes within Australia's freight and logistics industry. A key role of the AFCN is to identify and address constraints and impediments to the efficient operation of supply chains and Australia's transport and logistics industry generally. It is committed to optimising the performance of the freight network that ultimately supports economic growth consistent with the aims of the COAG national transport reform agenda.

Freight councils add value to industry and government by facilitating the exchange of information, acting as a conduit to alert government to the concerns of industry, and raising industry awareness of government initiatives and regulations.

Freight councils highlight and address emerging issues at a local level before they develop into more significant impediments to the operation of local, regional and national supply chains.

The AFCN supports the coordinated implementation of the National Land Freight Strategy and expects to have a key role in that outcome through its member councils across the country.

With the current climate of limited government spending, optimising the use of existing assets and infrastructure through solutions that improve supply chain connectivity is imperative. Activities and initiatives undertaken by the councils have increased in significance as they address the fundamental freight issues within a constrained fiscal environment.

The National Land Freight Strategy estimates that, by 2030:

- Truck traffic is predicted to increase by 50 per cent, from 5.7 to 8.5 billion kilometres.
- Rail freight is expected to jump 90 per cent, from 235 to 445 billion tonne kilometres.
- The number of containers crossing the nation's wharves will increase by 150 per cent, from 6.2 to 15.4 million.
- The volume of freight flown into and out of Australia – which has already more than doubled over the last 20 years – is expected to increase by almost 110 per cent, from 5.5 to 11.4 billion tonne kilometres by 2030.

These freight projections highlight the importance of taking steps to ensure the freight system is secure, sustainable and has the capacity to meet the demands of Australia's future freight task. Freight councils interface between industry and government at a local and regional level to achieve these objectives and to facilitate effective and consistent freight and logistics policy outcomes at a state and national level for the benefit of all Australians.



Purpose

The Funding Deed between the then Department of Infrastructure and Transport and respective freight councils commenced in 2010/11 and is due for renewal at the end of 2013/14.

Funded through the Nation Building Program, the agreement supports freight councils to undertake activities that contribute to improving land transport operations in Australia.

Under the terms of the deed, Commonwealth funding for each funding year of the agreement 'matched' state funding up to a maximum of \$200,000. While modest, this funding is vital in leveraging government and industry support at a state level of up to three times that amount.

Freight councils receiving funding under this arrangement are:

- Queensland Transport & Logistics Council (QTLIC)
- South Australian Freight Council (SAFC)
- Victorian Ministerial Freight Advisory Council (MFAC)
- Freight and Logistics Council of Western Australia (FLCWA).

The purpose of this submission is to demonstrate the value of freight councils to the improved operation of land transport operations and the role they play in facilitating efficient, productive and sustainable supply chains at a local, state and national level.

Accordingly, the AFCN is seeking funding for a further three-year term (2014/15-2016/17).

Freight councils' contribution to efficient and sustainable movement of freight in Australia

Collectively, the AFCN has demonstrated activities and projects that address a broad range of freight issues, aligning with key performance indicators outlined in the funding deed. While these activities and functions are reported to the Commonwealth Government on a regular basis, the following assessment provides a snapshot of the value they provide.

KPI: *Contribution to enhancing the productivity of the sector, including the development of procedures and processes to address barriers to increased productivity.*

➤ Over-size/over-mass (OSOM) road movements – Freight and Logistics Council, Western Australia (FLCWA)

In 2011, in the lead-up to WA's mining boom, industry expressed concern to the FLCWA about delays in the road movement of over-dimensional cargo necessary to construct a number of key resource projects.

The delays, resulting in multi-million dollar cost blowouts to the mining industry, were caused by a lack of coordination and communication between a range of government agencies involved in the movements. Those agencies included the police service, which provided pilot services; power authorities, which had to lift the lines; and the Main Roads Western Australia, which had to issue heavy vehicle licenses.



The FLCWA undertook a project to further examine issues associated with the movement of OSOM cargo and provide advice. The Council recommended that all functions involving the movement of over-dimensional road freight be centralised through Main Roads Western Australia as a new OSOM Unit.

This recommendation was accepted by the state government and the Council has been integral in establishing the new OSOM Unit. The unit's services are charged to industry on a transparent cost-recovery basis under the direction of an industry dominated board, which the Council chairs.

The initiative has proven to be highly successful, with delay times cut significantly, associated costs reduced, and service levels lifted through the direct interface with industry.

Other states with significant project cargo movements have subsequently studied the Western Australian model with a view to implementation in their own jurisdictions.

➤ Productivity initiatives – South Australian Freight Council (SAFC)

The SAFC has initiated a number of resources aimed at enhancing the productivity of supply chains and the broader freight and logistics sector. Notably, the Council has developed a suite of cold chain handling materials and resources aimed at improving the performance of supply chains associated with a variety of perishable products. A unique online coolant estimator, which allows producers to estimate the efficient amount of coolant products required for their supply chain, end to end, has now been developed and will be launched in the near future.

The Logistics Information and Navigation Centre (LINC – www.the-linc.com.au) is an online resource developed by the SAFC in partnership with national organisations, including other freight councils. With national coverage, the LINC resource provides easy access to background information on the industry covering all four modes – road, rail, sea and air – and includes statistics, fact sheets, and regulatory information. The enduring people crisis experienced by the industry is addressed to some extent through LINC’s prime focus on career promotion, with the site including career profiles and information, as well as an interactive careers pathways builder designed to engage the community and demonstrate the vast array of career opportunities available in our industry.

➤ North Coast Rail Line Forum Series – Queensland Transport and Logistics Council (QTLC)

Responding to industry concerns regarding the efficiency and reliability of rail freight along the eastern coast of Queensland, the QTLC partnered with Queensland Rail (QR) to hold the North Coast Line (NCL) Rail Forum.

The forum provided an opportunity for government and industry to work collaboratively to identify and respond to challenges that impact on the efficient movement of rail freight on the NCL, which is critical to the movement of international, domestic and interstate freight to northern Australia. Key challenges identified included poor service reliability, flooding, the scheduling of line closures and maintenance, priority given to passenger services, and congestion in the South East Queensland network.

The forum saw industry participants and the government, as asset owner, collaborate to identify and commit to a group of actions aimed at improving the performance and utilisation of the NCL. The QTLC has been monitoring the progress on these actions and makes regular reports to industry.

A follow-up forum is scheduled for November 2013. It is expected that the actions progressed from the March forum will deliver a 20 per cent improvement in on-time running.



KPI: *Contribution to expanding industry and government’s knowledge base through targeted research*

➤ Import/Export Logistics Chain Study – QTLC

The collection of freight and logistics data and survey information is integral to enabling informed assessment of freight movement and providing in-depth understanding of the blockages to its efficient movement. With this in mind, the QTLC partnered with the Port of Brisbane to commission an Import/Export Logistics Chain Study considering:

- landside movement of intermodal commodities
- landside movements of particular commodities, specifically
 - motor vehicles
 - bulk coal, cereals and grains
 - break bulk, in particular steel and project cargo (wide and heavy loads).

It enabled the QTLC and the Port of Brisbane to:

- map landside movements showing key routes and traffic flows
- understand supply chains for each commodity type, including restrictions or potential restrictions
- establish current and contestable boundaries for each commodity and understand the barriers to entry
- describe supply chain factors influencing freight volumes, movements and modal choice.

Finalised in July 2013, the report provides robust data on commodities movements, factors influencing modal choice and contestability, and the freight flows across supply chains.

➤ Fremantle Port Inner Harbour Truck Efficiency & Survey – FLCWA

Responding to concerns about the growing number of trucks serving Fremantle Port and the associated community impacts, the FLCWA has undertaken a number of research-based activities aimed at improving understanding of this issue.

Detailed analysis of existing data sources, together with results from a comprehensive survey of trucking companies, has given rise to new insights into the demographics of the industry. This approach has facilitated better understanding regarding the size of operators, their trade base, extent of inland facilities, geographic areas of service and times of operation, and the commercial imperatives of importance to road transport. This insight has important implications for related policy measures and the FLCWA is working with government to progress these accordingly.

The FLCWA has partnered with Fremantle Ports since 2002 to conduct an annual survey of trucks serving the Port. A wide range of operational information is collected and the resultant trend lines give a good indication of industry characteristics useful in related policy formulation.

➤ Urban freight investigation – Victorian Ministerial Freight Advisory Council (MFAC)

In an urban environment, it is necessary to ensure that an appropriate balance is struck between freight delivery efficiency and the potential amenity impacts associated with these movements, such as emissions, noise and accidents.

With this imperative in mind, the MFAC is progressing an investigation into the movement of freight on metropolitan local roads. The study seeks to determine measures to improve the consistency of freight delivery access arrangements across the metropolitan area, in terms of the types of vehicles that can be used and the time of day network access is allowed.

The project seeks to identify opportunities to derive greater consistency in regulation across local government boundaries, while balancing associated amenity impacts. Inconsistency of local regulations has often been raised anecdotally as a significant issue by operators, but the nature of the inconsistency has not yet been documented.

➤ Green Freight Environmental Statement – SAFC

The SAFC commissioned environmental consultants Think Climate to commence background research for the Green Freight project. Green Freight will be an environmental statement to:

- inform the transport modal debate as it relates to the environment
- help inform government regulation of the environmental performance of freight transport
- highlight initiatives and actions industry has taken and could consider in future planning
- demonstrate to industry that there can be business benefits to reducing the ecological footprint of the industry, provide a competitive edge to attract customers, and reduce costs.

➤ Freight Smart Grant Research Program – QTLC

The QTLC, in partnership with the Department of Transport and Main Roads, offered two grants of up to \$50,000 to identify, trial and evaluate innovative ways of improving freight industry efficiency and preparing for a low carbon future.

The awarded grants were used to trial a synthetic catalyst to improve fuel and carbon emission savings of refrigerated trucks, and to develop In2Green, a program designed to provide freight transport and logistics operators with 10 steps toward reducing emissions, establishing more sustainable workplace practices and systems, assist fuel efficiencies, and reduce costs. As a part of the In2Green rollout, the QTLC collaborated with Strategix to sponsor a series of seminars across Queensland to promote In2Green to freight transport and logistics sector.

The collaboration between the QTLC and Strategix Training Group to develop the 2Green program was a finalist in the Chartered Institute of Training and Logistics National T&L Excellence Awards for 2012.

➤ Freight technology investigation – MFAC

In response to a need for government to further understand how industry might be supported to accelerate the uptake of productivity-enhancing technologies, the MFAC has initiated an investigation into the uptake of technologies within the freight industry. Adoption of new technologies over the coming decades will have profound effects on productivity, safety and travel behaviour on the transport network.

Consisting of survey research into emerging technologies and their uptake by Victorian businesses, the project overall seeks to:

- foster research and development in the area
- identify government data and information exchange activities which clearly demonstrate the applicability and benefits of new technologies
- identify opportunities for government to partner with industry to initiate pilots.

KPI: *Contribute to the development and implementation of the national transport reform agenda and to policy debate on national issues, including providing advice on freight and logistics priorities from an industry perspective.*

All freight councils provide input into national and local infrastructure and regulatory reviews and change proposals associated with the national transport reform agenda.

Freight councils continue to actively contribute to policy debate on national issues including (but not limited to) Infrastructure Australia's deliberations, the introduction of national regulators, activities undertaken by the National Transport Commission, as well as investigations relating to heavy vehicle charging and access.

➤ Community attitudes to freight – MFAC

Mapping directly to the community engagement action contained in the National Land Freight Strategy, the MFAC undertook research into community attitudes towards a range of freight activities to provide nuanced analysis of areas of concern and attitudes towards various public policy trade-offs.

The research found that, while the community agreed that freight was critical to economic development, they equally had a limited understanding of the industry. The overarching goal was for the research to help develop strategies to raise awareness and gain support for the freight industry. Recommendations from this report will add value to discussion at the national level regarding freight and community engagement.

➤ Freight and the community – All freight councils

The National Land Freight Strategy has raised the issue of community reaction to freight. The federal Department of Infrastructure and Regional Development is taking a particular interest in the issue and has commenced related discussions with industry. Freight councils are integrally involved in those discussions, particularly as they relate to how community reactions to freight impact on industry and possible mitigating actions.

➤ Port community system – FLCWA

Port community systems (PCS) are electronic interfaces that allow the many stakeholders in the container supply chain to communicate seamlessly each other, bringing significant savings in both cost and efficiency. While the system is well established in many overseas countries, a PCS is yet to emerge in Australia.

The FLCWA is working with the Chamber of Commerce and Industry of Western Australia, as well as port and government stakeholders, to examine the practicality of Australia having a port community system and the benefits that would flow from the development. If the case proves to be a strong one, the issue of how such a system might be implemented would be addressed. Such may involve state and federal governments.

➤ Moving freight - SAFC

In 2012, the SAFC released 'Moving Freight', which outlines the South Australian logistics industry's key priorities for infrastructure development. The document is a collaborative effort among major stakeholders in the South Australian logistics community and identifies and prioritises projects that can create a major positive economic impact for the state. Core principles and policy issues are identified, along with a listing of core infrastructure criteria. Individual projects are then ranked against those criteria and a prioritised list of projects is arrived at.

KPI: *Contribute to identifying and addressing impediments to the efficient operation of Australia's supply chains.*

➤ Liquefied natural gas supply chain management - QTLC

With the coal seam gas (CSG) industry in the Surat Basin expanding rapidly, so too is the number of freight movements to and from the region to support CSG development. Over-dimensional loads on road dominate the increasing CSG freight task. Key challenges to the efficient movement of over-size freight include the need for additional police escorts and pilots as well as suitable pull-over, over-taking and marshalling areas. Consideration must also be given to coordinating increased truck and rail path movements and to manage the impact in contra-flow on other Surat Basin supply chains including livestock, cotton and grain.

The QTLC, together with the Queensland Police Service, Port of Brisbane, Queensland Rail, local government, Department of Transport and Main Roads, CSG companies, heavy haulage operators and other transport associations, is involved in a range of activities aimed at coordinating and strengthening supply chains to ensure the sustainability of freight movements in and out of the Surat.

The QTLC was also responsible for negotiating, on behalf of liquefied natural gas (LNG) supply chains, exemptions for the movement of over-dimensional cargo during the Christmas and Easter periods. These exemptions were critical to the LNG industry, which relies on time-critical modules for gas train construction.

➤ Metropolitan Inter-Modal Terminal Strategy – FLCWA

The Metropolitan Freight Strategy involves developing an understanding of where future inland inter-modal terminals may be established across the metropolitan region. State planning authorities have defined various parts of the region for future industrial use, including freight. However, it is vital that these areas accord with industry's commercial requirements or they will not be used adequately. As a result, the FLCWA is partnering with the Department of Transport to undertake a comprehensive study that aims to align future demand and supply for major inland freight facilities in terms of size and location.

➤ Strengthening Queensland's Supply Chains Report – QTLC

The QTLC has developed a report that proposes 52 strategic and operational recommendations to improve the development and sustainability of efficient and productive supply chains in Queensland.

It critiques the complex and sensitive freight and logistics supply chain issues for the whole-of-Queensland and by major regional corridors for such factors as:

- industry and key supply chain freight movement data
- freight demand, now and in the future
- modal matters
- regulation and reform
- infrastructure planning
- investment and charging models.

The report acknowledges government's constrained funding environment, so generally does not advocate major infrastructure projects. Its scope also includes matters of national freight reform while concentrating on landside supply chains, including acknowledging the importance of ports.

The report was released in 2013. The QTLC is now working with governments and industry to progress the recommendations for the economic benefit of Australia's supply chains.



KPI: *Contribution to national freight and logistics goals through addressing significant state issues before they cross borders, and promoting a nationally consistent approach across all jurisdictions*

➤ **Heavy vehicle congestion management app – QTLC**

Road is the dominant mode for moving freight and is expected to grow by 71.6 per cent over the next 10 years. This growth, in addition to an increase in light vehicles associated with general population growth, will place significant pressure on the road network, manifesting as congestion. Congestion increases freight costs and negatively impacts productivity.

In line with national frameworks proposing the use of intelligent transport systems (ITS) to better manage the transport network, the QTLC is leading the development and implementation of a heavy vehicle congestion management (HVCM) application/s that uses real-time traffic data to inform operators of congestion and network incidences to enable them to take mitigating action where possible.

Importantly, the app will also harmonise cross-border real-time traffic data for heavy vehicle operators. Currently, operators travelling to South East Queensland from other states must access multiple traffic information systems. The incorporation of real-time traffic data from New South Wales and Victoria into a heavy vehicle congestion management app will create cross-border benefits and a one-stop system for operators.

The app will also use GIS technology to collect reciprocal data that will provide much needed and valuable freight movement information, which can be used to plan and prioritise investment in the freight network.

➤ **Land Use Planning Bulletins – FLCWA**

This project aims to raise awareness of land-use planners of the importance and needs of the freight sector, with a view to striking an appropriate balance between industry efficiency and community amenity.

As part of the process, a series of monthly bulletins will be issued by the FLCWA to the planning community during 2014. The bulletins deal with topical planning issues impacting freight and are designed to be easily read in terms of design and length.

The regularity, topicality and attractiveness of the bulletin series will encourage land-use planners to reference the bulletins in undertaking land-use planning decisions impacting the movement of freight. In a related development, the FLCWA is talking with tertiary institutions providing planning courses to address the current absence of freight reference from these studies.

KPI: *Contribution to effective policy communication between governments and industry through maintenance and growth of comprehensive networks*

➤ **Victorian Freight and Logistics Plan – MFAC**

The MFAC provided an important avenue for industry to contribute to the development of the Victorian Freight and Logistics Plan (VFLP). The VFLP has also benefited from the experience and knowledge of MFAC members themselves. The VFLP has been a consistent agenda item at MFAC meetings, including a VFLP-specific round table for MFAC members in late 2012. Members have reviewed work progressively throughout the process and provided comment on options considered.

➔ Freight Future Forum – QTLC

The inaugural QTLC Queensland's Freight Future Forum saw senior industry, state and federal government representatives, as well as key freight transport and logistics stakeholders, come together to discuss how to sustainably manage current and future freight demands across all transport modes to support industry, consumers and broader economic, social and environmental outcomes in Queensland.

Attendees noted that supply chain efficiency and productivity was being constrained by challenges to the freight transport and logistics sector and proposed how these challenges might be addressed, while strengthening the freight network system and improving productivity.

The QTLC continues to work with industry and government to address the challenges, and progress the opportunities raised during the forum to deliver a sustainable freight transport network and a regulatory system.

➔ Industry forums – FLCWA

To address the information gap between national industry and government policy and decision-making and local industry operations, the FLCWA holds regular industry forums at which senior officers from national freight companies discuss local impact of their activities and the decision-making processes underpinning them. During the year, the Chief Executives of QR National (now Aurizon), Qube Logistics Toll Group and Asciano all spoke at these events. As a result, local industry is now better informed of current and potential decisions impacting their operations.

➔ Freight Industry Ministerial Round Table – MFAC

The Ministerial Freight Advisory Council (MFAC) recently hosted its inaugural annual Freight Industry Ministerial Round Table: Maintaining Victoria's Competitive Edge. The event was well attended, with more than 90 senior representatives from government, the freight sector and its stakeholders contributing valuable input to Victoria's freight agenda.

The Round Table collected:

- expert, peak body and local government views on the state and future of the freight and logistics sector
- input from industry on government initiatives
- insight into sector-wide issues
- proposed practical solutions.

➔ Industry representation – SAFC

The SAFC actively participates and contributes to a wide variety of freight transport and logistics groups and committees, including the Port Adelaide Container Terminal Monitoring Panel, the Adelaide Airport Consultative Committee, the Integrated Transport and Land Use Strategy (ITLUS) various stakeholder reference groups, the Black Spot Program Reference Group, South Australian Heavy Vehicle Industry Forum and the Heavy Vehicle Charging and Investment Transport Consultative Forum.

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