

BCA

Business Council of Australia

Review of the National Freight and Supply Chain Strategy

Submission

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Overview

The BCA welcomes the opportunity to provide a submission to the Review of the National Freight and Supply Chain Strategy. We represent Australia's largest employers, who operate across the economy, including firms directly involved in the provision of freight services, enabling services and infrastructure, as well as major freight customers.

The importance of a nationally coherent approach from government to supporting the freight task has been made starkly clear over the period since the 2019 document was released. The nation has faced bushfires and floods that have disrupted freight routes and connectivity, highlighting the need for improved network resilience. The pandemic saw major disruptions to supply chains and freight operations with impacts to international aviation and to maritime freight, as well as state border closures effecting interstate operations.

As Australia grows, so will the freight task. At the same time, as the climate changes, the freight industry and the infrastructure it relies on will have to adapt, both in terms of reduced emissions and improved resilience.

The Federal government has an important role to play, together with state and local governments. We encourage the Federal government to be bold, and to take on tangible and real actions with the updated strategy, rather than focusing solely on high-level motherhood statements that do not result in real world improvements.

Ultimately, the BCA would like to see the Strategy deliver practical, measurable, productivity enhancing improvements that result in:

- improved reliability and reduced travel time for freight.
- reduced cost per tonne of freight moved.
- reduced carbon emissions per tonne kilometre.
- improved safety with a reduction in incidents.

Key recommendations

Introduction

- The 2023 Strategy must move from being a high-level document, to a strategic plan that commits the Federal government to specific actions going forward, working in concert with the states and territories.

Rail freight

- The Federal government must prioritise investment in freight rail, especially where it has primary responsibility. This includes significant investment in resilience and reliability of the existing network, and further network expansion. The Strategy should identify areas for short- and medium-term focus, which should lead to project initiation processes.
- There should be an underlying strategy for Federal intermodal investment to drive future development, including a particular focus on enabling regional development in conjunction with Inland Rail. Continued partnering with the private sector in this space will also be critical.

Road freight

- Adopt at least a 2.55m maximum vehicle width to facilitate greater import opportunities for electric heavy vehicles, in line with the recommendation from Austroads, which reviewed the safety implications of this change.
- There should be additional weight allowances for zero emissions trucks, to ensure they are not penalised by their heavier power system. Freight curfews should be reformulated to exempt vehicles with lower noise profiles from restrictions, incentivising the uptake of electric (and other zero emission) trucks and freight vehicles.
- The Strategy should consider how lower carbon fuels and alternative technologies can be used to reduce greenhouse gas emissions from the existing heavy vehicle fleet, including whether there is a role for incentives to help drive the uptake of these changes.
- The Federal government should identify priorities for future road network projects that support major freight movements, in partnership with state and territory governments.
- The Federal government should fund targeted productivity enhancing projects which support improved last mile freight movements.
- As part of broader work on autonomous passenger transport vehicles, the Federal government should be considering specific issues for heavy autonomous vehicles, to allow them to operate on public roads when the technology is ready.

Air freight

- Curfew conditions at Sydney, Gold Coast, and Adelaide Airports should be revised with an eye to improving productivity and flexibility. These conditions should be liberalised to reflect the much-reduced noise profiles of modern aircraft. The government should engage operators to better understand air freight needs across the country to ensure amendments are made that deliver intended productivity outcomes.

Maritime freight

- There should be consideration of future infrastructure needs for the major container ports, including the impact of the location of defence assets that may alter the future trajectory of existing port facilities.
- The Strategy should consider whether current coastal shipping regulations are fit for purpose in terms of enabling competition and flexibility.

Urban encroachment

- Freight facilities and their adjacent industrial land should be protected, in a balanced way that considers broader evolving land use needs, from incompatible urban encroachment. This ensures major freight facilities can operate without noise or time constraints, maximising their productivity.

Simplified trade system

- The Strategy should give further impetus to the implementation of the Simplified Trade System reform process. This must be driven forward by the Federal government as a high priority.

Introduction

The BCA welcomes the opportunity to provide input into the 2023 Review of the National Freight and Supply Chain Strategy. It is our strong view that the Strategy needs to transition from being a high-level document, to a blueprint and strategic plan for action that focuses on practical and coordinated outcomes on the part of the Federal government, working in concert with the states and territories.

This would mean a change in approach from the current National Freight and Supply Chain Strategy and accompanying Action Plan. The current plan is high level and is limited in its usefulness in terms of providing both government and industry with an understanding of the tangible things that government believes need to be undertaken. The accompanying Commonwealth Implementation Plan presents as a catalogue of items, many of which were already happening at the time of its release.

It is the BCA's view therefore that a revised National Freight and Supply Chain Strategy should be built on a set of specific prioritised activities and actions, with clear timetables and accountability, that the Federal government is committed to achieving. These should be informed by analysis, data, and national need. The 2023 Strategy should provide specific guidance and focus for future initiatives in the short-, medium-, and long-term.

There are many pieces of work in the freight space where the Federal government has responsibility. The Federal government should focus on delivering its part, while states and territories should be responsible for their own domain. Of course, we believe that there is a need for strong collaboration between levels of government giving there are overlapping responsibilities, but a Federal government document is best focused firstly on what the Federal government intends to pursue. Where the Federal government decides there is a need to include an area of state or territory responsibility in the national strategy (for example, because of its national importance or a need for national coordination), there should be practical actions for the Federal government connected to that, rather than simply attempting to direct states and territories. For example, this could mean Federal funding or incentives for the states and territories, or a practical national coordination approach. A high-level strategy which encompasses all the responsibilities of state/territory and local government, but ultimately says and achieves little will not be beneficial for industry or the nation.

Recommendation

The 2023 Strategy must move from being a high-level document, to a strategic plan that commits the Federal government to specific actions going forward, working in concert with the states and territories.

Rail freight

Many BCA members tell us that they want to move more freight by rail but are constrained by reliability and service performance. Using existing technology, modal shift from road to rail has the ability to make a significant contribution to the government's emissions reduction targets. It also has the benefit of reducing road congestion.

Work by Deloitte has found that the benefits of rail freight include¹:

- 16 times less carbon pollution than road freight per tonne kilometre travelled.
- Road accident costs are 20 times higher than rail for every tonne kilometre of freight moved.
- Rail freight generates 92 per cent less particulate emissions (PM₁₀) than road freight for each tonne kilometre of freight moved.

The Climate Change Authority notes that rail transport accounts for around half of Australia's freight transport but is only responsible for four per cent of transport emissions². This underscores the importance of rail freight in achieving the national objective of reducing carbon emissions.

This is not to suggest that rail can displace all road freight, but rather that there are opportunities to leverage rail to move more freight on key trunk routes.

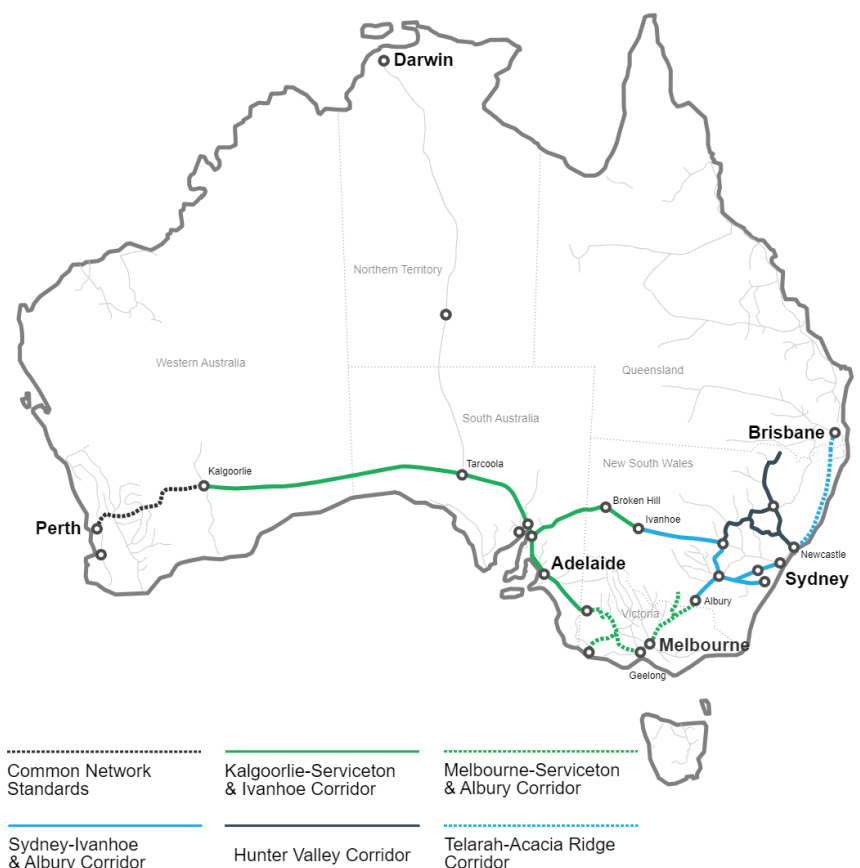
With the Federal government playing a major role in the operation and management of the national rail freight network through the Australian Rail Track Corporation (ARTC), this must be a major focus for the National Freight and Supply Chain Strategy. There should be a concerted effort by the Federal government to work with states and territories in a leadership role, so that the nation's rail freight infrastructure is both fit for the future and attracts a greater mode share of overall freight traffic.

Resilience

As one BCA member told us *"The rail network is increasingly unreliable and is severely capacity limited, resulting in higher transport costs and limitations on the tonnes per week that can be moved, many sales are not met in a timely manner."*

In 2022, weather events caused significant disruption to the East-West rail corridor that connects Perth with the eastern seaboard, resulting in weeks of disruption. Other components of the national rail network were also disrupted.

With extreme weather events expected to become more frequent, the Federal government must step up



Australia's Rail Freight Network with ARTC managed routes highlighted.

(Source: ARTC)

¹ Deloitte Access Economics Value of rail 2020, November 2020, Commissioned by the Australasian Railway Association.

² Climate Change Authority, Prospering in a low-emissions world: an updated climate policy toolkit for Australia, March 2020

and fund major reliability and resilience initiatives across the national and ARTC controlled regional network, in partnership with state and territory governments which should focus on resilience of their own regional lines.

BITRE's Road and Rail Supply Chain Resilience Review provides an evidence base for focus. The National Freight Strategy must convert this into a detailed set of tangible actions for business case development and funding, so that actual tangible projects are initiated, and real benefits are delivered for freight users.

Reach and capacity

The BCA supports the expansion of the nation's rail freight network, including Inland Rail. We also acknowledge and support the work ARTC is doing to enhance the network, such as the duplication of the rail line to Port Botany.

The Federal government, along with the states and territories should be further investing in the nation's rail freight network. The Strategy should identify areas for priority investment (with business cases then undertaken to identify specific infrastructure solutions). This work can and should interface with state and territory identified priorities. For example:

- the Victorian Freight Strategy identifies the need for rail facilities to service the Port of Melbourne's Webb Dock in the medium term, which currently is only serviced by truck³, an issue that has been raised as an impediment to use of rail freight for containers by some BCA members.
- the NSW Freight and Ports Plan identifies investigations into a Western Sydney Freight Line, which would potentially link ARTC's existing metropolitan freight rail assets with a new intermodal terminal in Western Sydney, in proximity to the new Western Sydney Airport⁴. Beyond this, the 24/7 operational nature of Western Sydney Airport will mean it has the potential to become a major export hub on the east coast and requires high quality transport links not just with NSW but also Queensland and Victoria.

Improving the reach of rail in Far North Queensland and the Northern Territory are also areas that some BCA members have highlighted for additional focus.

Ultimately, given the Federal government has a longstanding defined role in the operation of freight rail networks across the country, this is an area where the Federal government has a clear responsibility for investment. The Department of Infrastructure, Transport, Regional Development, Communications and the Arts should lead the identification of rail projects that expand the network, in conjunction with ARTC which should be tasked with their development and delivery as well as identifying and delivering resilience measures for the network. This work will need to draw on resources such as BITRE data and operator feedback, and interface with Infrastructure Australia processes and state and territory government priorities.

Recommendation

The Federal government must prioritise investment in freight rail, especially where it has primary responsibility. This includes significant investment in resilience and reliability of the existing network, and further network expansion. The Strategy should identify areas for short- and medium-term focus, which should lead to project initiation processes.

Intermodal terminals

The BCA welcomes the Federal government's interest in the development of intermodal terminals in collaboration with private sector partners. The National Intermodal Company's expanded focus beyond Moorebank to the needs of intermodal terminals across the national rail freight network is a positive development. In this context however, there is a need for a detailed strategy around how the government

³ Delivering the Goods: Creating Victorian Jobs - Victorian Freight Plan, Transport for Victoria Department of Economic Development, Jobs, Transport and Resources, 2018

⁴ NSW Freight and Ports Plan 2018-2023, Transport for NSW, 2018

intends to pursue the development of new intermodal terminals, so that the Company's deployment of resources is underpinned by a long-term plan endorsed by its government owner. This work could also include planning for supporting logistics precincts (such as available land, road corridors, and adjoining employment lands), and should be coordinated with state/territory government planning work.

The development of intermediary intermodal terminals to support freight movements along the Inland Rail route should be a particular priority for the government. A number of opportunities are raised in the Inland Rail Review, which should be explored in conjunction with state and local governments.

Recommendation

There should be an underlying strategy for Federal intermodal investment to drive future development, including a particular focus on enabling regional development in conjunction with Inland Rail. Continued partnering with the private sector in this space will also be critical.

Road freight

Australia's road system currently provides for the movement of the majority of non-bulk freight across the nation. Because of the extent and nature of the road network, it provides point-to-point servicing of freight that is simply not possible by any other modes. That can also mean efficiencies in terms of not requiring double handling of freight. These practicalities mean roads will always be a central component of the national freight network, and as such the government will need to continue to plan for the upgrade of the road network.

Over the last few decades there have been significant strides in reducing truck emissions, as successive improvements in emission standards have been introduced. Going forward, the industry is focused on further improvement including alternative fuels and electrification of vehicles. The government has a key part to play in terms of regulation, infrastructure, and incentives to facilitate this transformation.

Freight vehicle emissions

The government needs to target red tape that is hindering the deployment of heavy electric vehicles. The issue of freight vehicles received only limited attention in the government's recent *National Electric Vehicle Strategy*, despite that strategy being cited as an 'action' in the *2019 Commonwealth Implementation Plan* for the previous National Freight and Supply Chain Strategy.

While electric freight vehicles have a weight disadvantage, their clear area of differentiation is zero tailpipe emissions and reduced noise, compared to the carbon dioxide, nitrogen oxides, and particulate emissions of a diesel truck.

In Australia, heavy vehicle regulations stipulate that (without an exemption) the maximum truck width is 2.5 metres. In comparison, European, UK and New Zealand trucks are permitted to have a 2.55 metre width and American trucks are permitted to have a 2.6 metre width.

A number of electric trucks in development overseas have been designed to these wider standards. Australia must be realistic in terms of the size of the local market compared to those in the US and Europe. Failure to facilitate imports will delay the availability of electric heavy vehicles in Australia. As such, Australia should move to adopt allowances for wider trucks.

In 2019 Austroads (the national body for Australia and New Zealand's transport agencies) indicated support for the increase in width for heavy vehicles in Australia⁵. They found that:

- The evidence supported increasing the maximum allowable truck width in Australia from 2.5m to 2.55m. This would bring Australia into line with many of our trading partners.
- There is already a substantial fleet of vehicles in Australia that operate at the wider 2.55m width, with exemptions or permits required to do so.
- The current limitation results in productivity impacts (increased costs of procuring new vehicles and increased cost for operations of modified vehicles), additional regulation and administration costs, and safety impacts due to slower penetration of newer vehicles with modern safety technologies and limitations on installing safety technologies which extend beyond the 2.5m width.
- Austroads reports consultation with industry stakeholders (including transport operators, trailer and vehicle manufacturer/ importer, and peak groups) and road managers (including local, state and toll road managers) indicated majority support for the change.
- New Zealand moved to 2.55m width in 2017, and there has been no reported evidence that wider vehicles are more likely to lead to a crash.

⁵ Austroads supports increasing heavy vehicle widths to 2550mm, September 2019, <https://austroads.com.au/latest-news/austroads-supports-increasing-heavy-vehicle-widths-to-2550mm>

- Once the 2.55m standard is in place, there should be consideration of a 2.6m standard (subject to further review, given Austroads indicated that further safety consideration was warranted for this width).

Given the increase in width has been supported by a review conducted by Austroads, which found no evidence of safety issues with the proposal, the government should move ahead with changes to heavy vehicle regulations and design rules to facilitate this.

Recommendation

Adopt at least a 2.55m maximum vehicle width to facilitate greater import opportunities for electric heavy vehicles, in line with the recommendation from Austroads, which reviewed the safety implications of this change.

Trucks fitted with batteries are significantly heavier than equivalent diesel-powered vehicles. An example provided by manufacturer Scania for equivalent 28-tonne trucks, with same cabin and wheel configuration, but one with battery drivetrain and another with Euro VI diesel drivetrain is a difference of approximately 1 tonne additional kerb weight for the battery vehicle.⁶

Given there are set limits on the weight of a vehicle based on axle configuration, this additional battery weight can reduce the freight capacity of a vehicle in comparison with its diesel equivalent. A number of foreign jurisdictions (such as the EU) have introduced allowances to accommodate this additional weight.

Conversely though, electric trucks are significantly quieter at lower speeds or when stationary (where wind and road surface noise are lesser factors) when compared to their diesel counterparts.

This presents an opportunity for planning restrictions to be reformulated to recognise and exempt lower noise vehicles, rather than the current blanket restriction approach. With electric vehicles able to operate at a much lower level of noise in comparison to diesel vehicles, this would provide operators an additional non-financial incentive to move truck fleets towards electric and zero emission operations. Further developments in quiet loading dock technologies will also support productivity while minimising the impact on neighbourhoods.

While some of these restrictions are the purview of state and territory governments (for example, planning controls for operating hours), the Federal government could develop best practice standards for adoption nationwide.

Recommendation

There should be additional weight allowances for zero emissions trucks, to ensure they are not penalised by their heavier power system. Freight curfews should be reformulated to exempt vehicles with lower noise profiles from restrictions, incentivising the uptake of electric (and other zero emission) trucks and freight vehicles.

These changes should be coupled with investment in charging infrastructure that is designed with freight vehicle usage in mind, as well as potential financial early adopter incentives to begin to build a broader market for these vehicles. One suggestion is land tax concessions for major freight operators that dedicate a portion of a site for vehicle charging infrastructure.

Alternative fuels

There are also nearer term opportunities that should be seized by the government for reducing emissions from the existing road freight fleet. This is particularly pertinent given the potentially lengthy ramp up period for the transition to zero emissions vehicles.

⁶ Life cycle assessment of distribution vehicles, Battery Electric vs diesel driven, Scania, <https://www.scania.com/content/dam/group/press-and-media/press-releases/documents/Scania-Life-cycle-assessment-of-distribution-vehicles.pdf>

Biofuels and other lower carbon fuel products could have an important role to play during the transition period. There should be specific policy work undertaken to identify how these can be successfully used at scale in the Australian market.

There could also be consideration of what other technologies, retrofits, and adjustments may be able to be deployed in the more immediate term to address the need to lower greenhouse gas emissions from heavy vehicles. A technology agnostic market-based approach to incentives in this area may make sense, but further policy work would be needed to establish what that would look like.

The BCA is also supportive of work to trial the use of hydrogen as a zero emissions fuel for the road freight sector, noting that this is still technologically maturing and represents a longer-term option.

Recommendation

The Strategy should consider how lower carbon fuels and alternative technologies can be used to reduce greenhouse gas emissions from the existing heavy vehicle fleet, including whether there is a role for incentives to help drive the uptake of these changes.

Other measures

There are also potential environmental wins to be had in niche areas of freight such as in the transport of pharmaceuticals. For example, encouraging active cold chain transportation (such as using freezer trucks) as opposed to passive solutions (like eskies) will contribute to reducing landfill impacts from packaging.

Major freight routes

While many BCA members are moving to put freight on rail, the road network will still need to continue to provide the lion's share of capacity for non-bulk freight.

The Federal government has long invested in road projects which support connectivity across the freight network. This includes projects like WestConnex which provides capacity between Port Botany / Sydney Airport and Western Sydney, the Hume Highway upgrade which connects Melbourne and Sydney, or major highway bypasses such as along the Pacific Highway.

Ultimately, these projects remain important for decongesting the road network, and moving trucks off local and suburban streets. The Federal government should consider what future geographic areas need investigation and funding in partnership with state and territory governments.

Recommendation

The Federal government should identify priorities for future road network projects that support major freight movements, in partnership with state and territory governments.

Last mile

Irrespective of the success in putting more freight on rail, road will remain the primary method for last mile (and often 'first mile') delivery – the movement of goods from key hubs to warehouses, shops and businesses, or directly to consumers.

There are two separate issues here for consideration:

- Ensuring that the road network is sufficiently designed to facilitate heavy vehicle access to sites. In regional areas and country sites this can mean ensuring infrastructure, such as bridges, are sufficient to allow access for trucks to move goods and product in and out of a site. In the cities this can manifest as an issue of

productivity and congestion, where higher access limits can facilitate higher productivity vehicles being used to reduce overall truck movements.

- Local deliveries to customers including provisions for and safety of ‘micro mobility’ approaches, such as bicycle couriers (including e-bikes). This includes curb side facilities and parking to support deliveries in residential areas, as well as recognising that cycling infrastructure is part of the last mile for business to consumer freight. Essentially, aspects of the built environment must be designed to facilitate safe and easy pick-up and drop-off from kerbsides and in buildings for people making deliveries. Facilitating a shift to micro mobility for appropriate last mile deliveries can reduce the prevalence of delivery trucks and cars, removing vehicle trips from the road in urban areas.

The Federal government owns one of the last-mile delivery services in Australia Post. The government also funds programs such as Roads to Recovery which target local road upgrades. The local road network owned and maintained by councils is typically the endpoint for much of the last mile freight movement.

The BCA also notes that last mile business to consumer delivery is often performed by workers in the gig economy. These services for customers are at risk due to the government’s recent workplace relations proposals.

Recommendation

The Federal government should fund targeted productivity enhancing projects which support improved last mile freight movements.

Emerging technologies

As is the case with light vehicles, autonomous heavy vehicles are in development for future deployment on public roads. Australia has been a significant adopter of autonomous haulage trucks in the mining industry. As the technology slowly matures for on-road autonomous vehicles, particularly in the point-to-point passenger space, similar systems are making their way onto heavier vehicles. Late last year Transurban conducted Australia’s first on-road trial of these vehicles, which identified both regulatory and road infrastructure issues that need to be addressed, preferably at a national level.

Heavy vehicles, particularly those travelling long distances across Australia, face unique conditions and safety challenges. The Federal government should be giving appropriate consideration on how to make sure regulation is ready for these vehicles, so that this technology can be deployed to boost productivity when it is sufficiently mature.

In parallel to this, ‘vehicle-to-everything’ technology (V2X, referring to communication between vehicles and other vehicles, pedestrians, infrastructure, and networks) is advancing. Future proofing of infrastructure may be necessary to ensure that there are appropriate communication and power supply backbones to support long term requirements. This type of infrastructure will go hand in hand with autonomous vehicles in the future.

Recommendation

As part of broader work on autonomous passenger transport vehicles, the Federal government should be considering specific issues for heavy autonomous vehicles, to allow them to operate on public roads when the technology is ready.

Road user charging

The shift from the current diesel-based road user charge plus vehicle registration to a national distance-based charge has been a long-term reform initiative of the Federal government.

The BCA's long-standing view is that any transition to this type of road user charge should be nationally consistent. In that context we support this work being done at a Federal level. A road user charge must be designed to be easy to administer for fleet owners and businesses. It should be designed to incentivise efficient road use, but not be designed in such a way that it increases costs for freight movements (that is, it must be paired with changes to existing charges such as for registration and on fuel, so that it is not imposing additional, new costs on business).

We acknowledge that the Federal government is currently in Phase 3 of the 'National Heavy Vehicle Charging Pilot On Road Trial'. We welcome this work proceeding in a collaborative fashion with industry partners. The Strategy should outline the path forward for this work.

Air freight

Air freight transports high priority and high value goods, ranging from retail items (in particular supporting the eCommerce industry) to high-value fresh produce, pharmaceuticals, and specialist parts. Whilst tonnage rates are relatively small, the high value of items means that air freight represents 21 per cent of value of Australia's international trade⁷. Around 80 per cent of air freight travels in the holds of passenger aircraft⁸, meaning aviation freight and passenger travel is uniquely intertwined when compared with other modes, which often share the same infrastructure (roads and rail lines) but not the same vehicles.

The BCA notes that the government is separately undertaking an Aviation Green Paper consultation process in parallel with this consultation on the National Freight and Supply Chain Strategy. Still, given the Federal government's primary regulatory responsibility for aviation (outside intra-state aviation), this is an area that should be a specific focus for the Freight Strategy.

Airport restrictions

Airports at Sydney, the Gold Coast, and Adelaide each have curfews in place which restrict overnight operations but provide a limited ability for freight services to continue operating, with differing conditions at each airport. These restrictions are set by Federal laws and regulations. The ability for some freight services to operate overnight is particularly important, because during the day airport congestion and the priority of passenger aircraft in the terminals can limit the ability for dedicated freight aircraft to operate. It is incumbent on the Federal government to ensure that these restrictions and conditions are reviewed with an eye to ensuring productivity improvements for the freight industry, and to consider advances in modern aircraft noise profiles.

In addition, specific to Sydney Airport, the ability for limited freight services to operate overnight are legislated to expire once Western Sydney Airport becomes operational. This should be revisited. Freight operators will have invested in infrastructure to support their operations at the current Sydney Airport and should be allowed to make a decision driven by efficiency and commercial value as to how they operate in the future.

Recommendation

Curfew conditions at Sydney, Gold Coast, and Adelaide Airports should be revised with an eye to improving productivity and flexibility. These conditions should be liberalised to reflect the much-reduced noise profiles of modern aircraft. The government should engage operators to better understand air freight needs across the country to ensure amendments are made that deliver intended productivity outcomes.

Emerging technologies

Advancements in aircraft over many decades have seen reductions in noise and emissions footprints, even in otherwise seemingly similar aircraft. For example, the latest Boeing 737 MAX reduces emissions by around 20 per cent, and operational noise footprint by around 40 per cent when compared with the previous generation of 737 aircraft⁹.

Sustainable Aviation Fuels, which are in early stages of deployment, can reduce carbon emissions by up to 80 per cent¹⁰. These fuels are under development by the major fuel companies operating in Australia, are supported by major aviation manufacturers, and are being introduced into operational fleets. Qantas for example has

⁷ National Freight Data Hub, Department of Infrastructure, Transport, Regional Development, Communications and the Arts, 2022

⁸ The role of aviation in Australia's economic recovery, EY, 2020

⁹ Boeing

¹⁰ IATA

targeted 10 per cent of its fuel use to come from Sustainable Aviation Fuels by 2030 and approximately 60 per cent by 2050¹¹.

At the other end of the spectrum, Australia has emerged as a test bed for drone delivery operations. Delivery operations by Alphabet's subsidiary Wing are currently performing business-to-customer deliveries in the suburbs around Brisbane.

¹¹ Qantas

Maritime freight

Major container ports

Together with the states, the Strategy should consider the long term needs of each of the major container ports as gateways for imported and exported goods and product. This includes their capacity to handle future transport requirements on both the waterside and landside, as well as whether there is a role for specific Federal support in improving landside transport productivity through future investments (for example, the Port Botany freight rail duplication currently underway). As previously mentioned, the rail infrastructure servicing the nation's ports is deserving of particular consideration, especially since this is an area where the Federal government has a specific responsibility. The Port of Melbourne's Webb Dock is one that has been raised by some BCA members. Targeting high volume freight nodes and corridors for modal shift to rail will maximise the benefits of government investment in terms of emissions and congestion reduction.

Another area that should be examined is whether there is any potential impact that the location of an east-coast submarine base may have on future freight movements. For example, currently Port Kembla is designated as the future overflow container port for Port Botany. If a decision is made to locate the submarine base at the Port, how does this change the future potential uses of the port, does this mean that future container overflow should be focused on the Port of Newcastle instead, and what are the landside transport implications stemming from that decision. This is something that should be considered as part of the broader government decision making on the location of the submarine facility.

Recommendation

There should be consideration of future infrastructure needs for the major container ports, including the impact of the location of defence assets that may alter the future trajectory of existing port facilities.

Coastal and domestic shipping

From a customer perspective, it is important that national policies allow for competition on domestic routes. Flexibility and reductions in red tape are therefore priorities in this space, particularly in the context of the need to boost productivity and limit inflationary pressures.

While some freight customers indicated they typically have relied on land freight for transcontinental movement, the increasing frequency of weather events that have impacted interstate transport may require a greater focus on domestic coastal shipping in the future.

The BCA has long held the view that coastal shipping regulations should be reformed to create more flexibility and resilience in the system. We agree with the Productivity Commission, which argued the case for reform, with streamlining of licencing requirements facilitating greater competition¹².

Recommendation

The Strategy should consider whether current coastal shipping regulations are fit for purpose in terms of enabling competition and flexibility.

Alternative fuels

Just as in roads and aviation, there are opportunities to move fuel use towards lower emissions alternatives such as biofuels. A number of global shipping lines have already begun introducing lower emission biofuel blends into their operations. The government should consider how to incentivise and support this transition.

¹² Lifting productivity at Australia's container ports: between water, wharf and warehouse, Productivity Commission, 2022

Urban encroachment

It is important that industrial lands around major freight facilities (such as ports) are preserved from encroachment. Major freight facilities and adjacent industrial facilities should be able to operate 24/7 to allow for operational flexibility. This is only possible if there is appropriate separation from residential or commercial development, which are not compatible with highly industrial uses.

Urban encroachment reduces land available to service the freight task. It introduces conflict between industrial and other land uses, with the potential for operational constraints and costs being imposed on the freight industry and supporting industrial facilities. This in turn results in increased cost and decreased flexibility and productivity for the freight industry.

Furthermore, it is important to note that storage and logistics activities require supporting infrastructure. This includes general warehousing, cold storage facilities, empty container parks, truck marshalling areas and the like.

Extended distance (where industrial land has been displaced) can create operational inefficiencies, adding extra trucks to road networks and creating further congestion and bottle necks. This then results in further emissions, additional congestion, and triggers the need to bring forward other transport infrastructure investment.

The market has mechanisms to ensure that industrial activities that benefit from a proximity to key freight facilities have access; while those that do not require this proximity locate elsewhere. In particular, there is typically a price premium on industrial land adjacent to ports. Nevertheless, appropriate zoning and buffers are necessary to ensure the investment in strategically located logistics facilities are protected.

Having said that, there is also a need to ensure that zoning and land use controls are appropriately flexible to meet evolving customer and industry need. For example, emerging delivery needs where it may be reasonable to co-locate customer fulfilment centres with retail sites, in close proximity to customers. Governments must also balance this need with the requirement for well-located housing close to jobs.

A nationally consistent approach may be warranted, with the Federal government identifying best practice, particularly given the interplay with land requirements to support housing supply.

Recommendation

Freight facilities and their adjacent industrial land should be protected, in a balanced way that considers broader evolving land use needs, from incompatible urban encroachment. This ensures major freight facilities can operate without noise or time constraints, maximising their productivity.

Simplified trade system

The current regulatory framework and administrative infrastructure around cross border trade lacks coordination, is unnecessarily complex and is often not fully digitised or automated. This may deter businesses – particularly small- and medium-sized businesses – from exploring their exporting opportunities.

The BCA supports the work of the Simplified Trade System Implementation Taskforce, which aims to make trade across international borders cheaper, faster, and easier.

Extensive work to date shows that our cross-border trading system is unnecessarily complex and fragmented. Many agencies use different systems and do not communicate effectively with one another. Business can be asked to provide the same information multiple times, and often in ways that do not naturally work with their systems. The regulatory framework lacks coordination, is often not fully digitised, relies on manual processing and the technology used can be outdated. These friction points drain on our trade competitiveness.

The BCA's recent submission on the Simplified Trade System reforms highlighted that a 'user first', 'tell us once' and 'digital first' approach should underpin all the Simplified Trade System work to improve cross border trade compliance. Key features of a better system include:

- A **single-entry point** to government for individuals and businesses. Businesses can do everything they need to – from lodging forms for export certificates to paying customs – in one digital location.
- A **whole-of-government** approach to reform that recognises changes must be end-to-end across the entire trade process – from the exporter's warehouse to the importer's warehouse.
- A **national data harmonisation platform** that different government agencies can use to share and obtain information.
- **Paperless trade** across the supply chain.
- **Common data formats.**
- **Alignment with business processes** to help streamline and consolidate reporting.
- A **trust-based model** that goes beyond transactional approaches at the border. If companies have invested in good compliance assurance outcomes at the border, this should be recognised in terms of lower costs and lower levels of intervention.
- Apply the **Regulator Performance Guide** to all authorities involved in cross border trade compliance, recognising all are regulators.

Recommendation

The Strategy should give further impetus to the implementation of the Simplified Trade System reform process. This must be driven forward by the Federal government as a high priority.

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