



Supplementary Submission on the 2020-2021 Commonwealth Budget

Introduction

The Australian Logistics Council (**ALC**) is the peak national body representing major companies participating in the freight logistics industry. ALC's policy focus is on delivering enhanced supply chain efficiency and safety.

It welcomes the opportunity to provide a supplementary submission on the 2020-2021 Commonwealth Budget, following its postponement until 6 October 2020.

For ease of reference, ALC's January 2020 submission on the Budget is set out in **Attachment 1**.

Why is Freight Important?

Freight affects every Australian, every day, everywhere. Common goods purchased by Australians such as food, clothing, household appliances and medicine all need to be transported by freight operators. Similarly, the freight supply chain provides the materials to build and operate critical community infrastructure – roads, hospitals and schools – which are fundamental to our society.

An inefficient and unproductive national supply chain can ultimately result in lost export income, reduced employment, higher consumer prices and Australia becoming less competitive in the global market.

The COVID-19 pandemic that has continued throughout 2020 has given many Australians a deeper appreciation of the importance of efficient and resilient supply chains. For the first time in generations, Australians have had first-hand experience of everyday items being unavailable on shelves, as panic-buying and unprecedented levels of demand for certain products occurred, especially in the early days of the pandemic.

Bushfires and COVID-19

This thesis was tested to the full with the commencement of the COVID-19 crisis that is still being managed, as well as in the bushfire tragedies of January 2020.

Throughout the bushfire crisis and the COVID-19 pandemic, ALC's advice has been actively sought by ministers at the federal and state/territory level, and we have been at the table with other peak industry and advocacy bodies as policy makers sought to shape responses that addressed the needs of the community, whilst also being aligned to the overarching national objectives of minimising the impact and stimulating economic and employment growth.

Examples of these activities include:

- direct, early interventions with the federal, state and territory governments at the ministerial level to secure exemptions from travel restrictions/border closures for freight transport activities

- direct advocacy to ministers and senior departmental personnel at the federal, state and territory level requesting and obtaining the removal of curfews and operational restrictions that prevented efficient resupply of key retail outlets during the ‘panic buying’ phase of the crisis; and
- making formal representations to the then COAG Transport and Infrastructure Council encouraging ministers to maintain and expedite their commitment to the implementation of the National Freight and Supply Chain Strategy, which will also serve as an important tool for economic and employment stimulus in the wake of COVID-19.

Lessons Learnt

ALC identified several policy deficiencies and potential enhancements during both the Bushfire and COVID-19 Crisis. These include;

[The Importance of not limiting 24/7 operations with curfews.](#)

ALC has been particularly vocal in ensuring that governments maintain the lifting of council curfews and other regulations that inhibit 24 hour transport operations.

As consumers witnessed empty supermarket shelves as a result of unprecedented demand caused by the COVID-19 pandemic, there is a clear need to ensure that logistics operators are able to operate without restriction, be that in deliveries to supermarkets or the movement of containers at ports.

The single most effective government action taken to address these issues did not involve massive expenditure, but simply the removal of operational curfews through non-legislative ministerial action.

ALC’s ongoing advocacy in this area includes ensuring that as COVID-19 restrictions ease, these curfews are not re-imposed on industry.

[The need for further harmonisation of transport regulations](#)

The emergence of border restrictions as a result of the COVID-19 was unprecedented – never has this occurred since federation.

It has become increasingly more evident to Australians that freight does not stop at state borders and regulations on national supply chains must be uniform to reflect this. Emerging from the pandemic there is a critical need for further harmonisation of transport regulations and practices nationally.

This became particularly clear with the difficulty in settling a suitable protocol for domestic border controls during July 2020¹.

Despite the document being agreed on 24 July 2020, the failure of some jurisdictions to observe its terms – particularly around consultation with industry - created needless

¹ This is the final Protocol: https://www.infrastructure.gov.au/vehicles/vehicle_regulation/files/protocol-for-domestic-border-controls-freight-movements.pdf

uncertainty and confusion for freight and logistics operators, who already face a very challenging operating environment.

Ensuring that Industry needs remain visible to Government

ALC has consistently engaged the National Cabinet process as well as individual governments to ensure that COVID related restrictions did not impede on the ability for the freight and logistics industry to continue to operate.

One such example of this was ensuring that roadhouses, dedicated truck rest stop facilities and truck driver lounges remained open as governments dealt with the pandemic. Through awareness activities facilitated by ALC (amongst others) the National Cabinet reversed a decision to close these facilities by several jurisdictions.

This further recognised the need to ensure that essential workers such as truck drivers were able to continue operations unimpeded during the crisis, as well as recognising the contribution that the logistics industry makes in supporting vital sectors moving goods to port and air freight facilities.

It is also illustrative of the types of insight industry has that governments may not possess.

The success of the COVID-19 Commission Advisory Board (as it is now called) shows the importance of 'on-tap' business expertise to government.

The Federal Government should formalise and fund the establishment of a high-level consultative body representing an appropriate cross-section of the Australian freight and logistics industry to provide direct advice on matters directly related to the freight and logistics industry to both government at departmental level as well as to the Infrastructure and Transport Reform Committee of National Cabinet.

COAG revised²

Since the postponement of the Budget, COAG has been replaced by the National Cabinet.

It has announced six initial priority areas of reform, and the formation of six National Cabinet Reform Committees:

1. Rural and Regional Australia
2. Skills
3. Energy
4. Infrastructure and Transport
5. Population and Migration
6. Health

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These committees will be driven by leaders of National Cabinet and tasked to progress a rapid jobs agenda.

Deregulation will be taken forward by the Council of Federal Financial Relations (**CFFR**) which is led by the Commonwealth Treasurer and is made up of Treasurers of states and territories as a matter of priority.

The CFFR has a central role in the new system, supporting the work of National Cabinet as it focuses on job creation. Specifically, National Cabinet has tasked CFFR to progress targeted reforms in areas such as tax, deregulation and housing. It is also charged with rationalising funding agreements between the States and the Commonwealth.

The Productivity Commission will also be tasked with informing and developing this Federation wide deregulation agenda.

Finally, once a year National Cabinet, CFFR and the Australian Local Government Association will meet in person as the National Federation Reform Council.

The importance of efficiently operating infrastructure and supply chains to the Australian economy has been recognised by this administrative structure.

The Prime Minister's CEDA address

The importance of transport and logistics to Australia was also recognised by the Prime Minister in an address to the Committee for Economic Development of Australia (**CEDA**) on 15 June 2020.³

He announced the Government had brought forward additional investments in infrastructure totalling \$4.2 billion, including \$1.75 billion for the Sydney Metro Western Sydney Airport as well as an agreement with jurisdictions that identified 15 major projects on which joint assessment teams will fast track project approvals, including the inland rail link from Melbourne to Brisbane.

These are welcome announcements, as was his observations in relation to reducing regulation, in which he said:

Our focus applies as much to the culture of regulators as it does to the content of regulations. I'm sure anyone in business would understand that point. This crisis has shown what can be achieved when regulators are pragmatic and responsive, solving problems without compromising safeguards.

.....

³ <https://www.pm.gov.au/media/address-%E2%80%93-ceda%E2%80%99s-state-nation-conference>

So I have asked Assistant Minister Morton to report back on 'lessons learned' in recent months, highlighting cases where governments and regulators have responded to the COVID crisis and its economic fall-out with urgency and common-sense.

There are many encouraging examples beyond the ones I have mentioned.

Shop trading hours were deregulated in Queensland, Western Australia and South Australia so people didn't have to spend so long in the queues. Practical problem, practical solution by practical people.

Trucks were allowed to resupply along roads and during hours where they were previously banned. And the sun came up the next day. It was extraordinary. (emphasis added)

Retaining the momentum for reform

ALC requests that all of the recommendations made in its earlier submission and set out in Attachment 1 are considered as part of the Budget now being delivered on 6 October.

However, given the events of 2020 the following matter should be given particular attention:

[Ensuring productivity reforms are encouraged](#)

The *Intergovernmental Agreement on Competition and Productivity – Enhancing Reforms* formed part of the outcomes of the COAG meeting held on 9 December 2016.⁴

It contained a number of initiatives that are important to the Australian freight chain.

This includes:

- a confirmation of the need to expedite road pricing reforms;⁵
- the restatement of the rules relating to access to services provided by means of significant infrastructure facilities;⁶ and
- the development of microeconomic reforms that improve the connectivity of cities and regions through reforms in such areas as land use planning and improving the efficiency of transport.

ALC believes that it is important that a system similar to the national competition policy reforms of the 1990s be implemented so as to provide an incentive to the States and Territories to remove unnecessary regulations that stifle productivity and efficiency such as, to take the Prime Minister's cue, making permanent the removal of those regulations currently suspended that have been found to have productivity benefits such as the removal of curfews, discussed above.

⁴ <http://www.coag.gov.au/about-coag/agreements/intergovernmental-agreement-competition-and-productivity-enhancing-reforms>

⁵ Appendix C of the Agreement

⁶ Appendix C.1

The CFFR should focus as a deregulation priority the elimination of impediments that impact on the productivity of the freight and supply chain, through the review and amendment of the 2016 IGA referred to above.

The Commonwealth should also provide incentive payments to State and Territory governments for removing regulatory impediments to productivity.

The revised federal administrative structure

An Infrastructure and Technology Committee of National Cabinet has been established.

It is imperative the Commonwealth support a process that allows the Committee to focus on issues that maximise sectoral efficiency and therefore increase the development of jobs.

These include setting as priorities of the Committees as:

- ensuring State and Territory governments implement their action plans as part of the National Freight and Supply Chain Strategy, focusing on a clear alignment with the Commonwealth Government's Plan. **Consideration should be given to the Commonwealth providing incentive payments for the prompt implementation of plans submitted by jurisdictions;**
- expediting the reform of the Heavy Vehicle National Law (HVNL), something which has stalled in the bureaucratic process, so that reforms set out outlined in ALC's submission to the Transport and Infrastructure Senior Officials Committee (TISOC) in late 2019⁷ in areas such as data collection, fatigue management and the inclusion of a national operator standard for heavy vehicle operators can be advanced. **It would be beneficial if the Commonwealth provided both the leadership and the financial resources to bring this exercise to a close;**
- oversighting a process in which each jurisdiction to review each derogation from the HVNL to determine whether they remain a cost effective way to deliver intended productivity or safety outcomes, and if not, to remove them;
- kick-starting the process of developing National Planning Principles, a component of the National Freight and Supply Chain Strategy and something unfortunately disrupted by COVID-19, as well as developing a National Corridor Protection Strategy, something which has only moved very slowly through the TIC process. These initiatives are discussed in greater detail in the ALC 2019 discussion paper *Don't Box Us in: Improving Planning Policy for Freight*⁸, contained in **Attachment 2**; and

⁷ <http://www.austlogistics.com.au/wp-content/uploads/2019/10/TISOC-Submission-Making-a-Modern-Heavy-Vehicle-National-Law.pdf>

⁸ http://www.austlogistics.com.au/wp-content/uploads/2019/03/FINAL_DontBoxUsInDP3LR-compressed.pdf

- encouraging the development of a National Freight Data Hub. **In particular, the Commonwealth should ensure that its current funding for the development of the Hub is maintained (if not expanded).**
- ALC is of the strong view that each jurisdiction's response to the National Freight and Supply Chain Strategy should be regularly monitored against an agreed scorecard. The ALC is developing a scorecard model that will be put to the committee for adoption. **It would be beneficial for the Commonwealth to support this initiative in principle.**
- The current "improve efficiency and deregulation agenda" should enable a push to modernise trade regulation and "finally" create a **trade single window**. An open for business via a trade single window would be a significant benefit for Australia's regional competitiveness. This has been on the agenda for years and gone nowhere. **ALC would like to see a renewed effort from the Commonwealth to establish the Trade Single Window.**

Most importantly. It is important that under the new process jurisdictions should report directly to the National Cabinet directly and not have ideas sifted through senior officer committees, the element of COAG that slows things so much that the Prime Minister considered the process as places where 'good ideas go to die'.⁹

Further details on the matters referred to above can be found in the attachments.

JobKeeper Payment Scheme

Maintaining the viability of businesses operating within the freight and logistics sector is critical to ensuring the success Australia has enjoyed in the battle against COVID-19 continues.

The Government has previously indicated a willingness to examine eligibility requirements for a range of income and business support measures instituted in response to the COVID-19 pandemic, including the JobKeeper payment.

Given the essential nature of freight transport to Australia's pandemic response, ALC encourages the Commonwealth to ensure that JobKeeper eligibility criteria also take into consideration the particular challenges being faced by high cost and low margin sectors (such as freight transport) that are providing essential services to communities.

It should be noted that businesses which have not been able to access JobKeeper to date are now experiencing ongoing cashflow pressures, which could ultimately impede their ability to scale-up operations as the economy recovers.

ALC believes that government support for freight and logistics as an 'essential service' must include consideration of the uniquely challenging circumstances many businesses in the sector are faced with at this time.

⁹ <https://www.pm.gov.au/media/press-conference-australian-parliament-house-act-29may20>

Conclusion

ALC is grateful for this opportunity to provide a further submission to the 2020-2021 Budget process.

It hopes the lessons learnt from the 2020 bushfire and COVID-19 crises underlines the point that Australia is one national economy and so the lessons learnt and so those lessons can be applied by the new National Cabinet process in a way that enhances the efficiency and safety of the freight and logistics industry.

If you require any additional information, please feel free to contact me on 0417 142 467, or via email to kirk.coningham@austlogistics.com.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kirk Coningham', written in a cursive style.

Kirk Coningham OAM
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