



Submission on the 2020-2021 Commonwealth Budget

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Introduction

The Australian Logistics Council (**ALC**) welcomes the opportunity to provide a submission on the 2020-2021 Commonwealth Budget.

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.

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 would result in lost export income, reduced employment, higher consumer prices and Australia becoming less competitive in the global market.

Without freight, commerce stops.

Ensuring the efficiency of Australia's supply chain

ALC has welcomed the Commonwealth Government's release of a *National Freight and Supply Chain Strategy* (**the Strategy**). However, the strategy will only succeed if the Commonwealth commits to meaningful actions, backed by new investment and real deadlines for delivery. The Strategy will count for very little if insufficient resources are allocated to support its delivery.

ALC believes that this budget should turn its attention to facilitating the outcomes committed to in the strategy.

The priorities set out in this budget submission fall under two overarching objectives:

- Ensuring that objectives outlined in the National Freight and Supply Chain Strategy are adequately resourced and prioritised; and
- Supporting specific infrastructure, regulatory and safety initiatives that will significantly enhance national supply chain efficiency and safety.

Summary of Recommendations

Recommendation 1:

The Commonwealth Government should ensure the allocation of new money over the forward estimates period so it can honour undertakings made in the 2019 Commonwealth Implementation Plan made for the National Freight and Supply Chain Strategy. It should also ensure the states and territories adequately and efficiently implement jurisdictional plans.

Recommendation 2:

The Commonwealth Government should make incentive payments to state/territory governments to promote planning reforms that enhance supply chain efficiency and safety.

Recommendation 3:

The Commonwealth Government should fund the development of a National Transport Corridor Protection Strategy.

Recommendation 4:

The Commonwealth Government must continue to fund and resource a team within the Department of Infrastructure, Transport, Cities and Regional Development with the responsibility of overseeing the implementation of the National Freight and Supply Chain Strategy.

Recommendation 5:

The Commonwealth Government should continue to commit adequate resources to the development of a National Freight Data Hub.

Recommendation 6:

The Commonwealth Government should continue to fund the Road Freight Telematics Data Project.

Recommendation 7:

The Commonwealth Government should use the Road Freight Telematics Project to determine the top 10 most under-served truck rest stops in Australia for targeted funding.

Recommendation 8:

The Commonwealth Government should continue to resource the Australian Bureau of Statistics to continue to develop and publish the Australian National Transport Economic Account.

Recommendation 9:

The Commonwealth Government should establish a High Productivity Vehicle Infrastructure and Education Fund.

Recommendation 10:

The Commonwealth Government should adequately resource Heavy Vehicle Road Reform to ensure that implementation begins during the life of the current Parliament.

Recommendation 11:

The Commonwealth Government should hypothecate funds contributed by heavy vehicle operators and ensure they are directed towards infrastructure projects that support the movement of freight.

Recommendation 12:

The Commonwealth Government should contribute to the development of design, funding and financing proposals for the construction of a dedicated freight rail link from Acacia Ridge to the Port of Brisbane.

Recommendation 13:

The Commonwealth Government should fund the development and implementation of the National Rail Plan.

Recommendation 14:

The ONRSR's remit should be broadened to include productivity issues, and the Government should commit resources to ensure this outcome.

Recommendation 15:

The Commonwealth Government should adequately resource the development of a Transport Sector Skills Strategy.

Recommendation 16:

The Commonwealth Government should develop an incentive program for businesses in the freight and logistics industry that attracts young trainees, female employees and people from disadvantaged and diverse backgrounds into the industry.

Recommendation 17:

In partnership with industry, the Commonwealth Government should fund a program to attract young people and women into the freight and logistics sector.

Recommendation 18:

The Commonwealth Government should establish a Low Emission Vehicles Contestable fund and provide the fund with \$20 million per annum.

Recommendation 19:

The Commonwealth Government should establish a Zero Carbon Freight Offset for electric vehicles.

The National Freight and Supply Chain Strategy

The success of the National Freight and Supply Chain Strategy is crucial to the maintenance of Australia's high standard of living. This success is limited however by inconsistencies in regulation between jurisdictions.

Freight does not stop at state borders, and any regulation needs a nationally consistent approach. This national approach will provide the consistency and co-ordinated decision making that is needed to get freight moving more quickly and at lower cost.

Both governments and industry have made a significant investment of time and resources in the development of the Strategy, and industry will continue to focus on ensuring that action items are implemented.

To that extent, ALC is pleased the *Mid-Year Economic and Fiscal Outlook 2019-20* confirmed that the Commonwealth has committed to providing \$3.9m in funding from existing resources of the Department of Infrastructure, Transport, Cities and Regional Development to deliver initiatives as part of the Strategy.

It is also pleasing that the Commonwealth has published an Implementation Plan,¹ designed to indicate how it will implement its part of the National Strategy from now until 2023, which has been endorsed by the COAG Transport and Infrastructure Council at its 22 November 2019 meeting.²

However, so that industry can have confidence that the Strategy will continue it is imperative that money is allocated over the forward estimates period to ensure the commitments made by the Commonwealth in its implementation plan are honoured.

Recommendation 1: The Commonwealth Government should ensure the allocation of new money over the forward estimates period so it can honour undertakings made in the 2019 Commonwealth Implementation Plan made for the National Freight and Supply Chain Strategy. It should also ensure the states and territories adequately and efficiently implement jurisdictional plans.

Planning for Freight's Future

Australia's freight task is predicted to grow more rapidly than the national population, increasing by more than 50 per cent in the decade to 2040, compared with a population growth of 18 per cent in the same decade. Freight volumes are predicted to increase by more than 35 per cent between now and 2040.³

This rapid growth will place enormous pressure on our freight networks. Unless long term planning is actioned now, the performance of these networks will suffer, and Australian consumers will pay the price.

¹ https://www.freightaustralia.gov.au/sites/default/files/documents/cwth_actions-for_website_0.pdf

²

https://www.transportinfrastructurecouncil.gov.au/sites/default/files/documents/12th_transport_and_infrastructure_council_communique_22nov_2019.pdf

³ Australian Infrastructure Audit 2019

Poor planning disadvantages freight operators as well as local communities. Residential developments encroaching on freight facilities reduce the amenity for residents and the efficient operations of those freight facilities. For example, Australia's two largest container ports – Port Botany and the Port of Melbourne – are facing encroachment challenges. Residential developments have been built adjoining a freight rail line to Fremantle Port. Further developments are mooted near Sydney Airport – a crucial freight facility already affected by curfews.

ALC's members and many other industry participants consistently identify planning issues as a priority for reform.

A particular concern for industry is the diminishing quantity of industrial land available in proximity to key freight facilities (such as ports, airports, railways and intermodal terminals), coupled with a lack of action to preserve land for the future freight transport needs of a growing population – particularly in urban areas.

In essence, the needs of the freight logistics industry are losing out to residential interests when it comes to planning and development decisions. Unless a better balance is struck, there will be negative consequences, as delays and rising supply chain costs are passed on to consumers, and Australia's exporters become less competitive.

Although planning powers are generally the responsibility of state/territory governments, the national imperative requires leadership from the Commonwealth, including funding to incentivise best practice.

Through this budget, the Commonwealth Government has the opportunity to:

- Provide incentives to implement a nationally consistent policy to protect freight lands from residential and commercial encroachment;
- Fund the protection of future transport corridors; and
- Fund the recruitment and development of an experienced team of freight planners and freight transport specialists within the Department of Infrastructure, Transport, Cities and Regional Development (**DITCRD**). This will allow the Commonwealth to exercise greater leadership in these key areas as the National Freight and Supply Chain Strategy is implemented.

Under this scenario, incentive payments would be provided to a state/territory government on the proviso that agreed reforms are enacted.

There are precedents for such an approach. For example, the 2017-18 Commonwealth Budget offered incentive payments to the NSW Government and relevant Local Governments to support reforms to accelerate housing supply in Western Sydney.

For the freight industry, incentive payments could be used to implement a nationally consistent freight protection planning policy. This policy would include:

- State/territory governments recognising, in their planning regimes, the importance of the Australian freight industry, and that any caps, curfews or other restrictions on the use of freight infrastructure and the movement of freight vehicles should be actively avoided;

- The development of and adherence to land separation policies that appropriately zone freight, commercial, industrial and residential lands, as well as policies to retain and protect lands identified as suitable for freight purposes; and
- A clear recognition that areas zoned as 'freight lands' are distinct from 'industrial' lands (which often still permit the construction and operation of large consumer facilities that create traffic congestion and inhibit supply chain efficiency).

Recommendation 2: The Commonwealth Government should make incentive payments to tstate/territory governments to promote planning reforms that enhance supply chain efficiency and safety.

A National Corridor Protection Strategy

Infrastructure Australia underscored the importance of corridor protection in 2017 when it found close to \$11 billion could be saved on land purchases and construction costs for seven future infrastructure priorities listed on the Infrastructure Priority List.⁴

Effective corridor protection not only serves to contain future community discord over land use, but can also deliver significant savings for taxpayers when it comes to the cost of building infrastructure.

The development of a National Corridor Protection Strategy will enable the Australian Government to properly identify future transport corridors and to begin to implement policies, such as land acquisition, that can protect these corridors. This will deliver savings on infrastructure costs for taxpayers, whilst simultaneously contributing to enhanced supply chain efficiency.

A National Corridor Protection Strategy should also identify sites to be preserved for the construction of intermodal terminals and warehousing precincts.

Such a strategy has been in the contemplation of governments since the development of the 2012 National Land Freight Strategy.⁵

Given the importance of corridor protection as emphasised by both Infrastructure Australia and the National Freight and Supply Chain Strategy, the time has come for corridor protection to be funded at a Commonwealth level.

Recommendation 3: The Commonwealth Government should fund the development of a National Transport Corridor Protection Strategy.

⁴ Infrastructure Australia, *Corridor Protection: Planning and investing for the long term* (2017), 5.

⁵

https://www.transportinfrastructurecouncil.gov.au/sites/default/files/National_Land_Freight_Strategy_Compessed.pdf : 3

Commonwealth Freight Strategy and Planning Division

ALC is pleased that a dedicated team has been formed within the Department of Infrastructure, Transport, Cities and Regional Development to oversee the implementation of the National Freight and Supply Chain Strategy.

Considering the recent restructure of the Australia Public Service (including DITCRD), it would be detrimental to the success of the strategy if changes resulting in a loss of resources for this team were to take place as part of the restructure.

Recommendation 4: The Commonwealth Government must continue to fund and resource a dedicated team within the Department of Infrastructure, Transport, Cities and Regional Development with the responsibility of overseeing the implementation of the National Freight and Supply Chain Strategy.

Technology

National Freight Data Hub

A common concern expressed by many freight logistics industry leaders is the lack of meaningful data about the performance of Australia's supply chains. This concern was echoed by the *Inquiry into National Freight and Supply Chain Priorities*⁶, which found there was limited national data to measure and benchmark performance.

The lack of data is concerning as it makes it difficult for governments to prioritise investments and accurately measure the impact of new policies or infrastructure investments. Many of the impacts noted by the Inquiry Report, including urban encroachment issues, can only be completely understood once a solid evidence base is built.

As recently as December 2019, the Productivity Commission expressed disappointment in an absence of data sufficient to allow an appropriate productivity analysis, saying:

Although data limitations are a key constraint in productivity analysis, the Commission's reform agenda and the Australian Government's development of the National Freight Data Hub should help to improve this in the future (chapters 8 and 10). More accessible data on the number and sizes of heavy vehicles operating, as well as the routes they take, would enable more informed productivity analysis and decision making.⁷

ALC and its members have been in the forefront of assisting government in the development of projects such as the Transport Satellite Account, the Freight Data Visibility Pilot coordinated by BITRE and the industry-led Location Registry Pilot.

This activity makes it clear that technology and data will play an increasingly important role in building national capacity to meet the growing freight task more safely and efficiently. It

⁶ <https://www.infrastructure.gov.au/transport/freight/freight-supply-chain-priorities/index.aspx>

⁷ <https://www.pc.gov.au/inquiries/current/transport/draft/transport-draft-appendixb.pdf> : 18

follows that better collection and access to freight data is a critical action area in the National Action Plan associated with the National Freight and Supply Chain Strategy.⁸

The creation of a freight hub will give effect to the key industry recommendation contained in the *Report of the Inquiry into the National Freight and Supply Chain Priorities*, to collect, analyse and publish freight performance data for all freight modes and supply chains, so to better inform decision making and investment⁹.

Recommendation 5: The Commonwealth Government should continue to commit adequate resources to the development of a National Freight Data Hub.

Road Freight Telematics Data Project

ALC members have been cooperating with BITRE and the ABS since 2016 on the Road Freight Telematics Project

The project is designed to develop experimental indicators for;

- Congested freight-significant network locations;
- Average travel speed of freight vehicles;
- Routes taken by freight vehicles;
- Origin and destination of freight vehicle movements; and
- Freight vehicle stop locations and durations.

The intention is to identify congested networks, key freight routes and average travel speed and travel times on key freight routes. Other outputs developed would include where, when and for how long freight vehicles are stopping and the overall amount of road freight activity.

The Project could also be used to define the most underserved routes for heavy vehicle rest areas – with BITRE publishing an annual list of the top 10 under-served routes.

ALC believes the Road Freight Telematics Data Collection Project should continue to be supported by the Australian Government.

Recommendation 6: The Commonwealth Government should continue to fund the Road Freight Telematics Data Project.

Recommendation 7: The Commonwealth Government should use the Road Freight Telematics Project to determine the top 10 most under-served truck rest stops in Australia for targeted funding.

⁸ <https://www.freightaustralia.gov.au/sites/default/files/documents/national-action-plan-august-2019.pdf>

⁹ https://www.infrastructure.gov.au/transport/freight/freight-supply-chain-priorities/files/Inquiry_Report.pdf
recommendation 2.5: 11

Transport Satellite Account

Flowing from the Report of the *Inquiry into National Freight and Supply Chain Priorities*, the Australian Bureau of Statistics (ABS) released an experimental Transport Satellite Account (known as the Australian Transport Economic Account) in October 2018.

This initiative is essential to building the evidence base regarding the economic contribution the sector makes to the economy.

ALC supports the continued development and publication of this account, so that that the economic contribution of the sector is better understood by policy-makers and the wider community.

Recommendation 8: The Commonwealth Government should continue to resource the Australian Bureau of Statistics to continue to develop and publish the Australian National Transport Economic Account.

Road Freight

In 2016-17 the Australian road freight task equated to approximately \$228 tonne/kilometres.¹⁰ This was up from \$202 billion tonne/kilometres just four years previously.¹¹

Australia's road freight task is growing. It is vitally important therefore that our heavy vehicles can operate efficiently and safely.

High Productivity Vehicle and Infrastructure Education Fund

High Productivity Vehicles (HPVs) are truck and trailer combinations which permit a greater payload than traditional freight vehicles, allowing more freight to be transported. They help improve delivery times and reduce road congestion.

HPVs are also safer and cleaner than older heavy vehicles.

Operating these larger, newer, safer and more efficient vehicles will require infrastructure upgrades to the road network.

Additionally, there is reluctance in some quarters of the community to facilitate their use on Australian roads. The fact that larger vehicles can be among the safest on the road is not well understood.

However, further investment in HPVs and the granting of HPV operating permits must also be undertaken in a way that does not cut across other initiatives to increase efficiency and enhance the industry's environmental performance, including achieving modal shift from road to rail.

To address these challenges, the Commonwealth Government should establish a High Productivity Vehicle Infrastructure and Education Fund.

¹⁰ See Commonwealth Government, *Dashboards* (2019) at <https://app.powerbi.com/view?r=eyJrIjoiaWY3MDA4ZTYtODRlNy00MzNjLTg2YmMtZWVjMWlyNmU4NmQzIiwidCI6ImFhMjFiNjQwLWJhYzItNDU2ZC04NTA1LWYyY2MwN2Y1MTc4NCJ9>

¹¹ Ibid.

Recommendation 9: The Commonwealth Government should establish a High Productivity Vehicle Infrastructure and Education Fund

Maximising the Potential of our Existing Roads

In 2017, the Productivity Commission warned that;

A key policy challenge is to improve transport efficiency within existing constraints. More efficient utilisation of existing transport infrastructure and better integration of transport services, where possible, is needed.¹²

While governments need to continually invest in new roads, it is equally important that we maximise the productivity of the roads we have already built.

The Inquiry into National Freight and Supply Chain Priorities concluded that the Australian Government should;

Implement a market solution to road user charging for all heavy and light vehicles, with pricing linked to the level of road infrastructure investment required, and community service obligation payments (or similar alternative) made available for the maintenance of low volume roads which are key components of regional and rural transport.¹³

Revenue from Fuel Excise will decline as electric vehicles come on to the market and vehicles continue to improve their fuel efficiency. Research has found that in 2013-14 Fuel Excise contributed 39% of public sector road related revenue, down from 44% in the early 2000s.⁸

DITCRD is currently working with stakeholders to progress Heavy Vehicle Road Price Reform (HVRR). ALC supports the intent of this reform, provided the revenue is reinvested into the roads from which the revenue was raised and is not diverted for other purposes.

ALC is pleased that the November 2019 meeting of the COAG Transport and Infrastructure Council agreed to progress with the HVRR project. This reform should remain a priority for the Commonwealth Government, as continued delay on the issue will only make its ultimate resolution more difficult.

Recommendation 10: The Commonwealth Government should adequately resource the Heavy Vehicle Road Reform to ensure that implementation begins during the life of the current Parliament.

Recommendation 11: The Commonwealth Government should hypothecate funds contributed by heavy vehicle operators and ensure they are directed towards infrastructure projects that support the movement of freight.

¹² The Productivity Commission, Shifting the Dial: 5 Year Productivity Review (2017), p132

¹³ Australian Government, Inquiry into National Freight and Supply Chain Priorities (2018), p10

Rail

Inland Rail

The Australian Government has committed to building Inland Rail – a once-in-a-generation freight rail project running from Melbourne to Brisbane.

ALC supports linking Inland Rail to the Port of Melbourne and the Port of Brisbane and providing efficient rail linkages to the ports of Botany, Kembla and Newcastle in New South Wales.

On current designs, Inland Rail will terminate at Acacia Ridge, approximately 30km south-west of the Port of Brisbane. To fully realise the national supply chain benefits of Inland Rail it is crucial that a dedicated freight rail link connect to the port. This is to ensure freight is not travelling on the same lines as passenger rail services.

The same can be said for the Port of Melbourne, for the full benefits to be delivered for regional exporters and importers, inland rail needs to connect to the Port of Melbourne via the Western Intermodal Freight Terminal (WIFT). This will enable the relocation of domestic rail freight from the Dynon Precinct, thereby creating network capacity to central Melbourne for both freight and passenger services as well as support the establishment of new domestic freight rail services that can service international rail freight taking pressure of road networks within Victoria.

Qube Holdings also has an option to develop a 1,100 hectare complementary interstate intermodal terminal at Beveridge to the north of Melbourne known as the Beveridge Intermodal Freight Terminal (**BIFT**). BIFT is immediately adjacent to the proposed Inland Rail route and will be required along with WIFT to meet the future growth in interstate rail volumes.

Linking Inland Rail to the Port of Brisbane will improve the efficiency of freight delivery, with goods destined for the port not having to be loaded from rail to truck, or onto a shuttle rail (such as on the Beenleigh and Cleveland lines) at Acacia Ridge.

This means the work must now be undertaken to identify the best way of linking Acacia Ridge and the Port, as well as the best way to finance and fund the construction of this vital link.

Recommendation 12: The Commonwealth Government should contribute to the development of design, funding and financing proposals for the construction of a dedicated freight rail link from Acacia Ridge to the Port of Brisbane.

National Rail Plan

During 2015, the government published a *Draft Freight Rail Policy Objectives Discussion Paper*. The Paper contained a recommendation from Ernst & Young that any national reform work focussed on freight rail prioritise:

- Harmonisation of all aspects of rail safety laws between states; and

- That where economic benefits exist, moving towards a single set of laws across jurisdictions governing environmental regulation, workplace health and safety, workers' compensation and drug and alcohol testing.¹⁴

The need for reform has not diminished in the near half-decade since. As the Inquiry Report stated in Recommendation 1.13:

"1.13 Ensure standardisation and interoperability across rail networks, for example, train control and operating systems and rail gauge."

Commonwealth Government, *Inquiry into National Freight and Supply Chain Priorities* (2018), 10.

A 2018 paper entitled *Review of Rail Access Regimes* published by DIRDC notes:-

4.1.3 Environmental requirements

Stakeholders noted that there are roughly 150 different environmental regulations that operators must comply with when operating rolling-stock between Perth and Brisbane. Each rail operator is required to comply with Environmental Management Plans (EMPs) and environmental licencing at a state level and each state has its own regulatory body that ensures compliance with these plans. The criteria specified in EMPs also vary widely between the states. This means that operators have to comply with changing environmental regulation and navigate multiple different administrative and regulatory processes.

Inconsistencies with systems, processes and technologies has a significant impact on costs of compliance for rail freight operators. For example, operators report that train drivers are required to carry three sets of route guides when moving between regional and metropolitan New South Wales (NSW), and be trained to drive across all three networks. Operators must invest substantial time and capital in training their drivers and crews to comply with the different systems, processes and technologies, and ensuring that their locomotives comply with the different operational requirements.¹⁵

Years of malaise needs to be set aside. A single set of consistent national laws should be developed to regulate the movement of freight by rail in Australia.

The Commonwealth is currently developing a National Rail Plan.

The 2020-21 Commonwealth Budget should appropriate funds sufficient to allow the review of regulations originally proposed by Ernst & Young to the Commonwealth in 2015 to be conducted and the results reflected as part of the National Rail Plan.

Recommendation 13: The Commonwealth Government should fund the development and implementation of the National Rail Plan.

Office of the National Rail Safety Regulator

The Office of the National Rail Safety Regulator (**ONRSR**) was created by the *Rail Safety National Law (South Australia) Act 2012*. ONRSR was established to:

- Encourage and enforce safe rail operations; and

¹⁴ Australian Government *Australian Government's Freight Rail Policy Objectives* (2015), 24.

¹⁵ <https://infrastructure.gov.au/rail/publications/files/Review-of-Rail-Access-Regimes.pdf>, 22.

- Promote and improve national rail safety.

ALC supported the creation of ONRSR and was engaged as the National Draft Rail Safety Law was developed.

ONRSR was established as part of a Commonwealth policy designed to harmonise transport operations across Australia. In the road space, the National Heavy Vehicle Regulator (**NHVR**) was established in 2012.

However, there is one important difference between ONRSR and NHVR. The NHVR has a productivity mandate.¹⁶ ONRSR, while playing an important role in national rail safety, does not have the responsibility for the productivity and efficiency of Australian rail operations.

ALC believes this should change – a belief that is shared by other leading industry groups, including the Freight On Rail Group (FORG). The Budget should fund a review of the remit of ONRSR, with the intention of providing ONRSR with a productivity mandate, and the resources needed to exercise that mandate.

Recommendation 14: The ONRSR’s remit should be broadened to include productivity issues, and the Government should commit resources to ensure this outcome

Establishing a Sustainable Workforce

The ageing of Australia’s workforce is a whole-of-economy challenge, but it is particularly acute in the road transport sector.

A large scale industry survey conducted in 2016 found the average age of a truck driver in Australia is 47, with more recent industry estimates putting that number closer to 50 years of age, with just 15 per cent of drivers estimated to be below the age of 30.

If not addressed, looming workforce shortages will lead to higher costs in the freight transport sector – and these will ultimately be reflected in higher prices paid for goods by consumers and businesses.

Some industry participants have noted that driving heavy vehicles is not seen as an attractive career choice, particularly for school leavers.

The industry also suffers from a continuing perception problem around its ability to welcome female participants to its workforce, as well as those from diverse cultural backgrounds. As well as dealing with diversity issues, the sector’s workforce must address the fact that the increasing influence of technology in the operation of heavy vehicles will demand a broader range of skills than may have previously been applicable in the industry.

Likewise, industry participants feel that the transport sector has not received appropriate levels of attention when it comes to skills and training support, especially in comparison to the hospitality, retail and human services sectors.

¹⁶ See <https://www.nhvr.gov.au/files/201705-0533-nhvr-corporate-plan-17-20.pdf>, 5.

As part of the National Freight and Supply Chain Strategy, the Commonwealth Government has undertaken to develop a new Transport Sector Skills Strategy, in partnership with industry.

The development of this Strategy must take particular account of workforce shortages being experienced by the heavy vehicle sector and support an increase in training opportunities available to those wishing to enter its workforce.

This includes supporting education and awareness campaigns that combat stereotypes about the nature of the industry, and which prioritise the recruitment of new workforce participants from diverse backgrounds.

The Strategy must also take note of the importance of enhanced mental health outcomes amongst industry participants. Industry led programs such as *Healthy Heads in Trucks and Sheds* (the development of which is being led by Woolworths) exemplify a proactive approach in this area. The government should aim to support such industry-led initiatives where they exist.

Recommendation 15: The Commonwealth Government should adequately resource the development of a Transport Sector Skills Strategy

Recommendation 16: The Commonwealth Government should develop an incentive program for businesses in the freight and logistics industry that attracts young trainees, female employees and people from disadvantaged and diverse backgrounds into the industry.

Recommendation 17: In partnership with industry, the Commonwealth Government should fund a program to attract young people and women into the freight and logistics sector.

Electric Vehicles and the Freight Industry

To date, the uptake of electric vehicles in the freight industry has been led exclusively by the industry. However, many of the substantial benefits delivered through electric vehicles fall to the broader community. Therefore, the next Australian Government should take an active role in promoting and supporting the use of electric vehicles in the freight industry, for the benefit of the community.

The benefits of electric vehicles are largely known, though they are worth repeating:

- Electric vehicles are sustainable – they do not emit harmful pollutants;
- Electric vehicles are safe – they are typically manufactured to include the latest safety features, such as lane departure warnings. Electric vehicles also provide health benefits such as air quality improvements;
- Electric vehicles are quieter – this opens the opportunity for electric vehicles to operate quietly and effectively in hours not available to operators of traditional vehicles due to curfews.

Many freight companies are looking to invest in electric vehicles but are concerned by the lack of interest and support from Australian governments. This is exemplified by the Senate

Select Committee on Electric Vehicles which, in a report of 197 pages, mentioned freight just once.

Zero Emissions Contestable Fund

It is proven that incentives can help change consumer choice in markets, which is why the Commonwealth Government should seek to incentivise freight operators to purchase electric vehicles.

Indeed, in April this year, Toll Group purchased two electric vehicles (the Fuso eCanter) for in its Japanese fleet. Explaining the decision to purchase electric vehicles for their Toll Express Japan business, Toll acknowledged that incentives offered in Japan made the move to electric vehicles possible.

The Commonwealth Government should fund the implementation of a Low Emission Vehicles Contestable Fund to co-fund up to 50% of the purchase price of an electric vehicle. ALC believes such a fund should be valued at \$20 million per year.

The fund is based on a similar model operated by the New Zealand Energy Efficiency and Conservation Authority (EECA). In New Zealand, the EECA has used the Low Emission Vehicle Contestable Fund to provide more than \$18 million (NZD) to 100 projects since 2016. This includes funding for:

- The purchase of five electric vans to assess their suitability for widespread courier use;
- The purchase of two 10 tonne electric trucks and supporting charging infrastructure;
- Replacing two diesel trucks with electric vehicles for waste recovery, and;
- Designing and developing an electric truck to shuttle dairy products in Hamilton.

Recommendation 18: The Commonwealth Government should establish a Low Emission Vehicles Contestable fund and provide the fund with \$20 million per annum.

Zero Carbon Freight Offset

Tax exemptions and offsets are another way the government can support the uptake of electric vehicles.

ALC supports providing a tax offset, per vehicle, for freight companies that purchase and utilise that electric vehicle in their commercial business. The offset could be known as the Zero Carbon Freight Offset (the Offset).

In the first instance, this offset should be valued at \$30,000 – in line with the current instant asset write-off provisions. All freight companies registered for Goods & Services Tax in Australia would be eligible for the Offset. The Offset would apply to vehicles that do not rely on an internal combustion engine for propulsion.

Recommendation 19: The Commonwealth Government should establish a Zero Carbon Freight Offset for electric vehicles.

Conclusion

The Australian Logistics Council is grateful for this opportunity to provide its recommendations for the development of the 2020-2021 Commonwealth Budget

The recommendations and suggestions made in this submission represent practical ways to enhance 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', with a long horizontal flourish extending to the right.

Kirk Coningham OAM
Chief Executive Officer