



AUSTRALIAN LOGISTICS COUNCIL



SUBMISSION

ALC RESPONSE TO THE PRODUCTIVITY COMMISSION ISSUES PAPER
BUSINESS REGULATION BENCHMARKING – ROLE OF LOCAL GOVERNMENT

OCTOBER 2011

SUBMISSION

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BUSINESS REGULATION BENCHMARKING – ROLE OF LOCAL GOVERNMENT

THIS SUBMISSION HAS BEEN PREPARED WITH THE
ASSISTANCE OF KM CORKE AND ASSOCIATES, CANBERRA.

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Background on the Australian Logistics Council

The Australian Logistics Council is the peak national body representing the major and national companies participating in the Australian freight transport and logistics supply chain.

Vision

To be the lead advocacy organisation to all levels of Government and industry on freight transport and logistics supply chain regulation and infrastructure issues.

Mission

To influence national transport and infrastructure regulation and policy to ensure Australia has safe, secure, reliable, sustainable and internationally competitive supply chains.

2011 – 2013 Strategic Intent

To establish the Australian Logistics Council as the 'go to' organisation representing the major and national companies participating in the Australian freight transport and logistics supply chain.

Objectives:

1. Be the nationally recognised voice of Australia's freight transport and logistics supply chain.
2. Be the leading advocate of appropriate national regulation and infrastructure to ensure Australia enjoys the full benefits of freight transport and logistics policy development and reform.
3. Promote and encourage greater recognition by Government and the community of the importance of the freight transport and logistics industry's contribution to Australia's economy.

ALC Members are major and national companies participating in the Australian freight transport and logistics supply chain. ALC also has a number of Associate Members, which include associations, organisations, government agencies and companies participating in the Australian freight transport and logistics supply chain.

Australia's freight task is estimated to triple by 2050 – from 503 billion tonne kilometres to 1,540 billion tonne kilometres, with local demand for total freight movements increasing by as much as 60% by 2020.

The Transport and Logistics Industry is a critical part of the Australian economy, generating 14.5% of Australia's GDP and providing more than 1 million jobs across 165,000 companies. ALC estimates that every 1% increase in efficiency will save Australia around \$1.5 billion a year.

RESPONSE TO PRODUCTIVITY COMMISSION ISSUES PAPER BUSINESS REGULATION BENCHMARKING – ROLE OF LOCAL GOVERNMENT

The Australian Logistics Council (ALC) is pleased to respond to the Productivity Commission's Issues Paper on the role of local government (the issues paper).

Local government has a surprisingly large role as a regulator of the transport and logistics industry.

The Commission has found this itself in its July 2011 draft report on *The Economic Structure and Performance of the Australian Retail Industry* when it determined that one of the regulatory burdens on retail businesses was:

restrictions on time of transport (local council regulations impose curfews on night time deliveries) and restrictions on type of transport (such as restrictions on trailer size/use of Super B-Doubles or B-Triples) — Woolworths stated that these rules restricts retailers' freight capacity and operational efficiency and indirectly impact on consumers through product prices and timeliness of deliveries.¹

Councils also act as road manager for most Australian roads traversed by transport and logistics operators.

It is true that because of a lack of size, many local government areas do not have the skills and resources, or alternatively, do not prioritise the task of undertaking, or obtaining, the engineering assessments necessary to make informed road access decisions.

Regrettably, on occasion decision making can be either inconsistent or capricious.

As an example, a metropolitan Council expressed concerns about the additional wear and tear that increased loadings can impose on road pavements and safety following an application by an ALC member to seek what is known as 'HML Vehicle Access' for relevant units operated by the member.

Whilst that concern is appropriate, rather than weighing each application on its merit, it simply deferred all requests for access for an indefinite period of time, whilst tests were carried out (see Attachment A).

This type of indefinite delay can add significant costs to operators.

As part of the COAG 'seamless economy' agenda, a Heavy Vehicle National Law will be implemented in Australia on 1 January 2013.

The *Intergovernmental Agreement on Heavy Vehicle Regulatory Reform* signed by COAG on 19 August 2011 reads in part:

Asset owners

23. The Parties agree that access to the road network remains the decision of the asset owner. Each State and Territory will continue to be responsible for the management of its road network and for deciding limits on road networks. In this regard, all Parties agree that:

- a) decisions on access will be made having regard to national guidelines approved by the Standing Council;
- b) the NHVR will manage the access application process and will issue the decision to an applicant for access;
- c) they will work cooperatively with local governments and the NHVR to ensure consistency in access decisions is achieved within their own jurisdictions and more broadly, in the operation of the national system;
- d) if access, whether or not subject to conditions, is allowed for the use of a vehicle or class of vehicle, it is intended that the same access will apply in like situations throughout Australia; and
- e) the (Heavy Vehicle National Regulator) will, on an annual basis, review access decisions made by asset owners for consistency and possible national applicability.

ALC will be advocating to ensure that the Heavy Vehicle National Regulator will make public this annual review.

The Productivity Commission may choose to use this data, once the scheme commences, should it conduct a future benchmarking exercise assessing local government performance.

Zoning

Zoning issues can also affect transport and logistics operators.

In an October 2011 submission to the Business Regulation and Competition Working Group *Future COAG Regulatory Reform Agenda Stakeholder Consultation Paper*, ALC said:

Planning and zoning issues

ALC notes pages C4 and C5 of the consultation paper reads:

Reforms to transport restrictions

The operational efficiency and cost effectiveness of retailers' logistics networks can be diminished by local government restrictions on the times during which goods can be transported and loaded / offloaded.

The intention of these restrictions is appropriately aimed at reducing noise and light disturbances at night for local residents. Some local governments have however, sought to impose restrictive transport curfews on retailers, rather than looking at other noise mitigation measures. A more balanced approach to regulation could allow retailers to transport goods at night, allowing for the more efficient movement of products and have additional benefits of improved safety and reduced congestion and emissions by removing heavy vehicles from the roads during peak daylight periods. In addition, State-based regulation limits the size of vehicles used for store deliveries and line haul operations. This restriction on the use of larger trailers has been estimated by Woolworths to limit their freight capacity by 10 to 12 per cent due to the requirement for additional runs.

Some of these restrictions flow from zoning and other council decisions.

On 7 December 2009 COAG approved the National Objective and Criteria for Future Strategic Planning of Capital Cities (the national criteria).

Criterion 3 of the national criteria requires that a capital city strategic planning system should:

Provide for nationally significant economic infrastructure (both new and existing) including;

- (a) transport corridors;
- (b) international gateways;
- (c) intermodal connections;
- (d) major communications and utilities infrastructure; and
- (e) reservation of appropriate lands to support future expansion

By 1 January 2012 all States are required to have in place long-term plans that meet the nationally agreed criteria. Future infrastructure funding decisions made by the Commonwealth will be based on States meeting the national criteria.

However, ALC notes that according to 2010/2011 budget papers, dwelling investment was forecasted to grow by 7.5% in 2010-11, with a significant pipeline of construction work to be completed. Strong population growth and low vacancy rates will support activity in the sector.²

Moreover, according to the Bureau of Infrastructure, Transport and Regional Economics, Australia's freight task will triple by 2050 from 503 billion tonne kilometres to 1,540 billion tonne kilometres. Meeting this task will require a massive effort and companies will have to improve transport and logistics strategies and efficiencies, and governments will have to undertake substantial new investment and policy reform.³

² 2010-11 Budget Paper No.1 Statement 2 - Overview

³ Infrastructure Partnerships Australia *Meeting the 2050 Freight Challenge* p.10

This means greater pressure on:

- » transport infrastructure;
- » greenfield sites that would permit the development of intermodal facilities (a concept supported by ALC and by the proposed draft port strategy); and
- » increased risk of residential intrusion near, or too much congestion around, logistics infrastructure.

ALC finally notes the communiqué of the Joint meeting of Local Government and Planning Minister's Council and Housing Ministers' Conference held on 12 February 2010 in Canberra⁴ has many references to the need to

- » 'identify infill and redevelopment opportunities'; and
- » ensure that 'outcomes for cities must improve sustainability and livability as well as productivity'.

which reflects limited focus on one area of planning, to the possible detriment to the interests of other land users such as freight logistics participants.

ALC agrees with observations made in the National Ports Strategy that freight is regarded as the 'poor cousin' of the urban planning context.⁵

ALC believes that to ensure criterion 3 of the national criteria is delivered, state, territory and local governments must make land-use decisions prioritising the efficient use of the infrastructure over other possible land uses.

It therefore believes that ultimately a COAG agreement should recommend the development of a National Partnership that:

- » acknowledges that land use decisions should prioritise the efficient operation of the ports and infrastructure identified as being nationally significant infrastructure; and
- » create a fund for state and local governments which incur expense as a result of making land-use decisions that favour nationally significant infrastructure over other land uses (eg dealing with spillover effects on communities located within the 'last mile' of nationally significant infrastructure as a result of prioritising the freight effort over other uses).

So as to enhance the productivity of the Australian economy, ALC believes COAG should consider this proposal as one of the next steps along the road to regulatory reform.

More generally, there is scope for a review (perhaps conducted by the Productivity Commission) to review the manner in which land use regulation generally frustrates the efficient operation of existing transport networks.

ALC again suggests there is scope for an inquiry along the lines suggested in the last paragraph as the role local government has on the efficient operation of transport networks was not expressly dealt with in the Commission's 2011 report *Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessment*, which dealt predominantly with land release issues.

4 <http://www.lgpmcouncil.gov.au/communique/20100212.aspx>

5 Infrastructure Australia and the National Transport Commission The Proposed National Ports Strategy May 2010 page 33

Regulatory stocktake

ALC concludes by noting that in its submission to the Commission's inquiry on the Economic Structure and Performance of the Australian Retail Industry, Woolworths said:

C. A focus on harmonisation and removal of unnecessary State/Territory and Local Government Regulation

With respect to the significant issue of inconsistent State and Territory-based regulation, Woolworths believes this can only be overcome if there is a concerted commitment by all Governments to progressing the broader national regulatory harmonisation agenda through the Council of Australian Governments (COAG) process including the Seamless National Economy Project. The agenda of the Seamless National Economy project should, however, have its terms of reference expanded to explicitly address regulatory challenges faced by the retail sector such as trading hours, in-store product controls etc. As a input into process, Woolworths would support a stocktake being undertaken by Governments to identify and analyse the efficacy of each piece of legislation / regulation that impacts on retailers (particularly where it does not apply to retailers supplying similar products online). This review should not be limited to Federal, State and Territory Government legislation but should also capture local Government regulation and controls which also has a significant impact on the operations of retailers in the local community (for example, the restriction on the hours in which trucks can deliver goods to stores).

Woolworths also continues to support the need for thorough evidence based regulatory impact analysis (or business impact analysis) being undertaken by Federal, State and Territory Governments when introducing new legislation that will impact the retail sector.⁶

ALC would support in a similar vein a stocktake of local government regulations impacting the transport and logistics sector.

Australian Logistics Council

October 2011

⁶ Woolworths Limited Submission to the *Productivity Commission Inquiry Into the Economic and Structure and Performance of the Australian Retail Industry* p.17

APPENDIX A





13 June 2008

Toll Contract Logistic
PO Box 63
BOTANY, NSW 2019,

Dear ,

HML Vehicle Access to Bankstown City Council Local Roads

Bankstown Council has received your firm's request for HML Vehicle Access to Bankstown City Council Local Roads.

Council has concerns with respect to the additional wear and tear that increased loadings can impose on road pavements and safety. Pavements that are at or nearing the end of their service life could suffer accelerated failures due to increased axle loads. Council understands that the Road Friendly Suspension (RFS) is beneficial in reducing the impact of dynamic loading but it is not apparent from the documentation supplied to Council that RFS addresses all concerns.

The use of local roads by HML vehicles was considered at the Ordinary Council Meeting of 27 March 2007 where it was resolved that:

- 1 This matter be referred to the Local Government and Shires Association and WSROC seeking support for its position regarding the proposed changes.
- 2 All requests for HML access to Council's local roads are deferred pending further information from the RTA that enables a thorough assessment of the impact on Council.
- 3 Council reiterate its power under the Local Roads Act and consider all applications on merit.

Accordingly additional information has been requested from the RTA that will enable Council to better assess the impacts of HML vehicles on its local roads. The responses received so far have not quantified or explained the issue of damage or potential damage to pavements. The RTA has commenced test evaluation of quad HML on two Council roads and we will await those results before reaching a conclusion. Until the above issues are addressed, Council has no option but to defer all requests for HML access to Council's local roads pending further information from the RTA and/or advice from the LGSA. If Council does not receive further information by September 08, Council will review the situation and further report the matter to Council.

Yours sincerely

Ed Sukesh
Planning & Assets Team Leader

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MEMBERS



ASSOCIATE MEMBERS

- » Agility Logistics
- » Allied Express
- » Australian Air Express
- » Australian Food and Grocery Council
- » Australian Livestock and Rural Transporters Association
- » BlueScope Steel
- » Broome Port Authority
- » Cement Australia
- » Coca-Cola Amatil
- » Department of Defence
- » Department of Transport NSW
- » Department of Transport VIC
- » Department of Transport and Main Roads QLD
- » GS1 Australia Limited
- » John Swire & Sons Pty Ltd
- » Metcash Ltd
- » OneSteel
- » Origin Energy
- » PGA (Management) Pty Ltd
- » PNG Ports Corporation Limited
- » Port of Melbourne Corporation
- » Schenker Australia Pty Ltd
- » Sydney Port Corporation
- » Telstra
- » TNT Australia Pty Ltd
- » Transport & Logistics Industry Skills Council
- » Transport Certification Australia
- » Victorian Freight & Logistics Council
- » Victorian Transport Association
- » Victoria University
- » Wallenius Wilhelmsen Logistics
- » Westgate Ports

HONORARY FELLOWS

- Paul Little AO – February 2011
- Peter Gunn – February 2011
- Ivan Backman – May 2010
- David Williams OAM – May 2010

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