

Logistics 2012– Discussion Paper

A new national industry strategy for T&L

6 August 2007

Disclaimer: This discussion paper has been written to raise issues and stimulate discussion relevant to the development of a new national industry strategy for Transport and Logistics (T&L) in Australia 2008 to 2012. This is not the view of the Australian Logistics Council (ALC) or any other organization involved in the strategy development process.

1. What is T&L?

It has always been the case that towns, cities and economies grow where transport and trade routes meet. Towns are built where rivers meet or where trade routes cross at the intersection of roads and rail lines. If towns are bypassed economic growth slows down. Where towns and cities have good natural ports or enjoy efficient transport links they prosper. Transport and Logistics (T&L) has always been a central part of economic growth, social development and prosperity. Australia in 2008 is no different. There is a very real and direct relationship between T&L and prosperity.

This discussion paper aims to provide background on some of the most important strategic issues facing T&L in Australia, provide an update on actions to develop a new industry strategy, and stimulate thinking and debate that will lead to the formation and implementation of the strategy.

This is a new national industry strategy for Transport and Logistics in Australia 2008 - 2012. While the Australian Logistics Council (ALC) is leading industry in the process it is not a strategy sole for the ALC. Also it is a national, not a Federal strategy and has not been endorsed or directed by the Commonwealth Government.

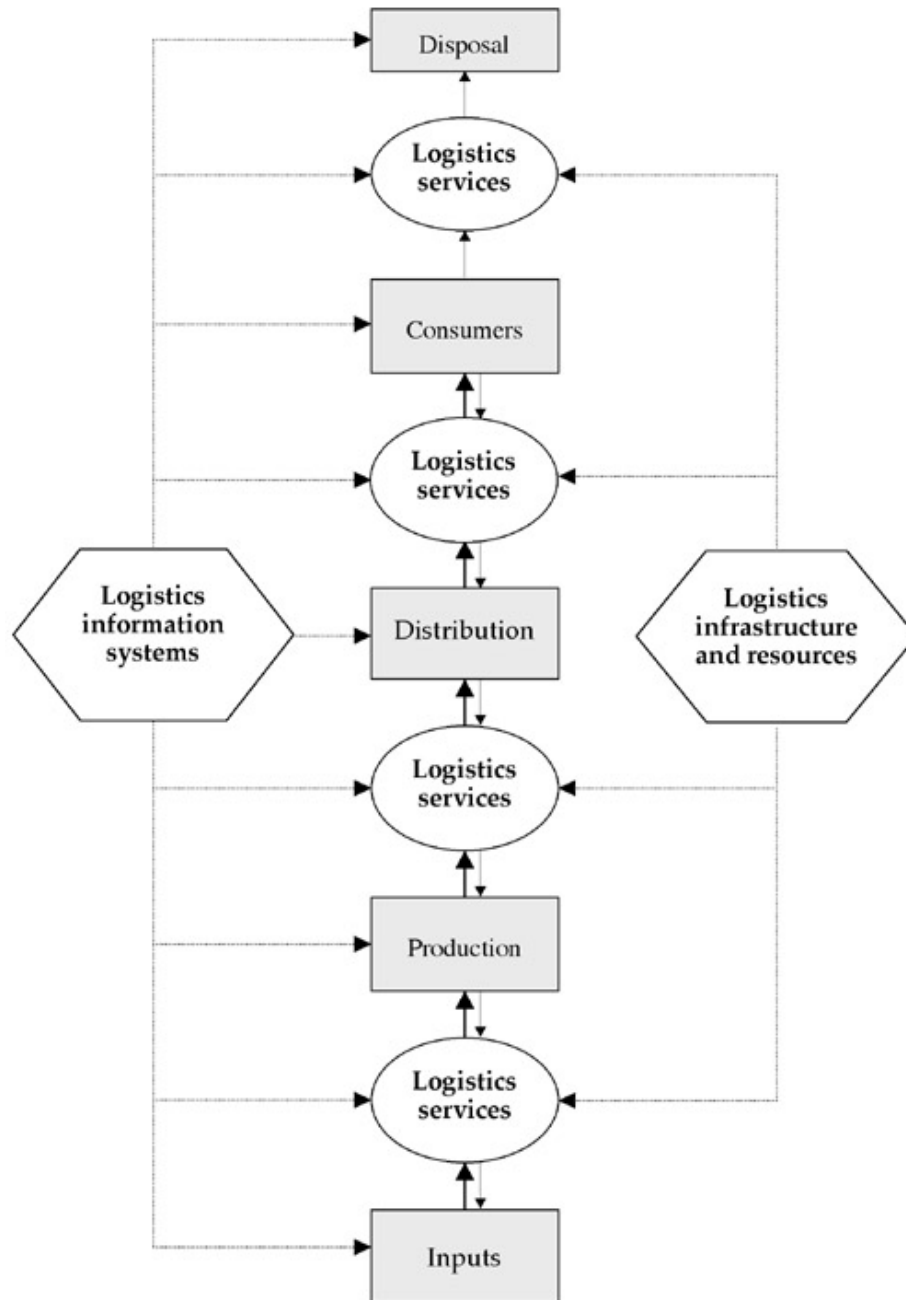
The 2002 Australian Logistics Industry Strategy (ALIS) defined freight logistics as

“The activities required for the movement and handling of goods and materials, from inputs through production to consumers and waste disposal.”

(It includes associated reverse flows such as product and equipment returns, and recycling. Some of the major logistics activities are transport, storage, procurement, inventory management and packaging.)”

Significantly it excludes passenger transport.

This definition has been subsequently adopted by the National Industry Data Steering Committee as the basis for data collection for the T&L industry. An extensive discussion of definitional issues can be found in the ALIS report which is on the ALC web site. The National Committee also recognized the specific activities that made up the industry. These are shown below.



Source: BTRE Paper no. 49 - 2002

Why is T&L important?

T&L has recently been reported as contributing 14.5 % of GDP. This means that T&L is, in the words of John Apelbaum, author of the ALC Report, “the biggest show in town”. The ‘league ladder’ that follows shows some comparisons with other industries including Construction and Mining.

TABLE 1: LEAGUE LADDER OF AUSTRALIAN INDUSTRIES¹

<i>RANK</i>	<i>INDUSTRY</i>	<i>EQUIVALENCE OF GDP</i>
1.	Transport And Logistics	14.5%
2.	Manufacturing	10.3%
3.	Property And Business Services	9.9%
4.	Finance And Insurance	6.0%
5.	Construction	5.6%
6.	Health And Community Services	5.2%
7.	Retail Trade	5.1%
8.	Mining	4.7%
9.	Wholesale Trade	4.1%
10.	Education	3.8%
11.	Government	3.4%
12.	Agriculture, Forestry And Fishing	2.7%
13.	Communication	2.3%
14.	Electricity, Gas And Water Supply	1.9%

Note:

1. Excludes ownership of dwellings and taxes less subsidies on products.

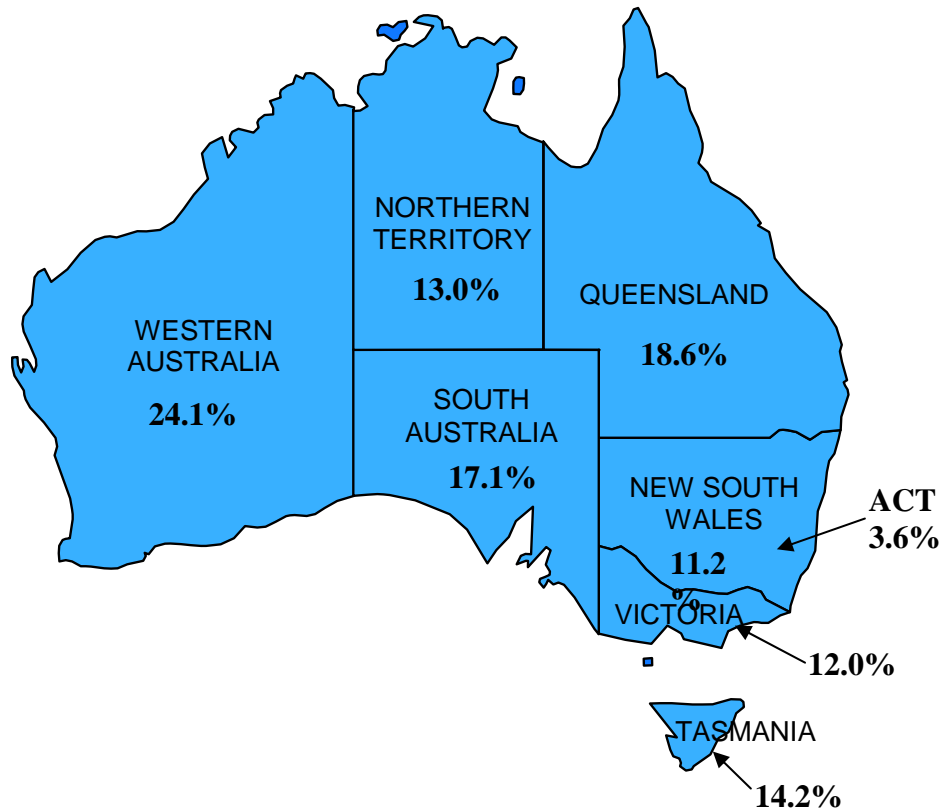
Source:

ALC Report – quoting ABS (2006), “National Income, Expenditure and Product”, Cat No 5206. Apelbaum Consulting Group.

This varies from State to State (see the map below) but it is clear that T&L is a major, pivotal part of the Australian economy. It generates approximately 464,000 jobs and encompassed about 165,000 businesses (135,000 of these

with five or less employees). It is of tremendous importance to our farmers, miners and business people and is an often invisible part of the fabric of every Australian every day.

THE EQUIVALENCE OF TRANSPORT AND LOGISTICS TO GSP BY STATE/TERRITORY, 2004/05



Source: ALC Report – T&L Contribution to GDP June 2007

How is T&L changing?

However the way that T&L is managed and governed is changing. Traditionally T&L has been an activity that grew being managed and provide based on separate transport modes and regulated by State Governments. Customer expectations, enabled by rapid improvement in communications technology and e-commerce now mean that customers demand outcomes, with logistics services delivering on time in full. Whether the freight moves on metal wheels, rubber wheels, flies or floats has little relevance. In fact T&L would, perhaps be defined as that activity that happens in the early hours of the morning with minimal environmental, no noise and no congestion. The better the T&L industry gets at the job the more invisible it becomes.

This, of course, is a good thing. People don't think or worry about logistics (and nor should they) until something goes wrong. The industry only hits the headlines when ships queue off ports, rail capacity limits export earnings and business profits or jobs are lost because infrastructure can't keep up with growth in demand. It is too late, however, to only pay attention to this essential industry when a crisis hits. The lead times for investment in people and in infrastructure are substantial and so are the dollars involved. Australia is the most decentralized, inhabited continent with enormous distances between population centers. Likewise we are remote from our international trading partners.

Some of the major changes can be summarized as shown below

Factor	From	To
Management	Individual Transport Mode	Multimodal or integrated solutions
Customer Expectations	Transport	Supply Chain solutions
Regulation	State based	National/ Global focus
Ownership	Private & Public	Private (listed and private equity)
Regulation	Comprehensive by States	Light handed and industry led
Environmental	?	?
Infrastructure investment	?	?
Investment in Human Capital	?	?
Communications	?	?
Innovation	?	?
Add others		

Other significant changes will be considered during the consultation workshops.

Whichever way it is considered

- T&L is profoundly important to the prosperity and growth of Australia
- T&L is a major part of our economy
- It directly impacts on the prices consumers pay in Australia and on the competitiveness of our exporters
- It is low on political agendas because it is (rightfully) invisible to voters
- A small improvement in the efficiency in delivery of Australian T&L delivers a disproportionately large wind fall to customers at home and a competitive advantage to exporters.
- It is a 'make or break' issue that demands attention and priority
- Australia is particularly vulnerable to T&L because of the 'tyranny of distance'

This importance is significantly underestimated and misunderstood because logistics, done well is invisible.

Why a new national T&L Strategy? What effect will it have?

The first national industry strategy for T&L was finalized in 2002 and reviewed in 2006. This strategy lays the foundations for development of T&L for the next five years to 2012.

In 2002 twenty five senior industry leaders met in Canberra and led development of the first Australian Industry Strategy for the Transport and Logistics industry. The process was chaired by the then Deputy Prime Minister Hon. John Anderson MP and it delivered a report with 36 specific recommendations for the development of the industry. This report became the Australian Logistics Industry Strategy (ALIS) and was endorsed by the Council of Transport Ministers (ATC) in 2002. It has guided the work of the State based Freight Councils and has led to the establishment of the Australian Logistics Council at the national level. An essential characteristic of ALIS was that it was national and not Federal. ALIS was not intended to be solely or exclusively an initiative of the Commonwealth Government, but rather, it was to be an industry strategy supported by all stakeholders including State Governments. This characteristic was, however, more an aspiration than reality. States have continued their support of their own State-based Freight Councils and have only provided limited support for the national agenda progressed by the Australian Logistics Council.

It will be very important that this difficulty is not perpetuated and that the new national strategy wins wide support from State Governments as well as from the Commonwealth Government and industry.

ALIS was reviewed late in 2006 and the findings were released at the ALC Annual Forum in February 2007. The full Executive Summary of the review report is on the ALC web site. A summary of the detailed findings about progress on the 36 recommendations is in Annex A.

Key findings of the review of ALIS were:

- It was very valuable to have a national logistics strategy
- The first strategy had provided good value for money and had successfully achieved most of its objectives.
- Some issues
 - had not been addressed and remained important

- had not been addressed and should be dropped
- had become an issue since the ALIS was developed
- Some issues targeted in ALIS had been addressed through other processes such as AusLink, NTC and COAG
- A new national strategy now should be developed.
- Government, while continuing to strongly support the process, should pass leadership of the process to industry
- The ALC was ideally placed to lead industry in developing the strategy.

Accordingly, the Deputy Prime Minister Hon Mark Vaile commissioned ALC with the task in February 2007. Since that time

- In March 2007 the ALC's Chief Executive wrote to over 500 industry stakeholders to ensure they knew that the strategy was under development
- By June 2007 four 15 Year scenarios had been developed and published
- In July 2007 Project management arrangements established and the Consultation workshops program was finalized

In accepting responsibility for leading development of the strategy ALC confirmed that

- The strategy would be developed over the remainder of 2007 so that implementations can commence from the beginning of 2008 for the five years 2008-2012.
- The development will be led by industry but will require the active support, engagement and resources from all the State Governments and the Australian Government.
- The scope of the strategy would include
 - all four transport modes
 - all parts of Australia's domestic and international supply chains
- That it would not be a strategy solely for ALC. It will be an industry strategy for Australian Logistics in total with expectations for actions from Commonwealth and State Governments, individual companies, Freight

Councils, industry peak bodies and associations and regulators as well as ALC.

- That it was intended that the strategy should take a pragmatic and ‘minimalist’ approach. That is, the strategy would build on current good work, wherever it is happening and should focus on a small number of practical doable and valuable strategies. It should not aim to be an all-encompassing or detailed strategy or comprehensive action plan.

Important questions about the scope and content of the strategy to be addressed in the consultation workshops include:

- What issues should be addressed in a national industry strategy for T&L?
- What targets should be set and who should set them and measure them?
- What resources and commitments are needed to implement this new national Strategy?
- How can industry win political support from the Federal and State Governments for this industry strategy?
- How can this strategy link to related international, national and State work such as regulation reform, training investment and infrastructure planning?

While answering these questions it is important to bear in mind the way that a national industry strategy might best have a practical impact on the decision making, policy development and resources allocation processes that are relevant and important to T&L.

The areas that it is envisaged will be directly relevant for the Strategy is, at minimum:

- AusLink II strategy and infrastructure investment
- NTC regulation agenda
- State planning and investment priorities
- Context for company planning
- Bring the T&L industry together – common focus – consistent message

It is also important to consider the program areas, themes or major tenets that the national strategy should address. Identification of a small number of areas is useful in grouping similar or related activities together to make it easier to formulate effective actions for the implementation stage. The groupings used by ALIS, ALC and TALC are shown below as examples. The initial program areas used as a starting point are also in the right hand column. These are not locked in and can be reviewed in the consultation workshops.

Logistics 2012 – Programs

ALC 2007	ALIS 2002	ALIS Review 2006	TALC	Logistics 2012
The Right Infrastructure	Leadership	Transport infrastructure	Enhance individual competencies	Industry Leadership
Capable People	Infrastructure	Industry profile	Attract, recruit & train staff	Infrastructure
Streamlining Rules and Regulations	People	Education and training	Create, share and transfer knowledge	Energy and Environment
Better Understanding the Future of T&L	Innovation through Technology and Knowledge	Workplace relations and operational flexibility		Human Capital
	Sustainability	Sustainability		Rules and Regulations
				Future of T&L

3. Program Area One – Industry Leadership & the Community

Identification and endorsement of unified, broadly supported, national industry leadership continues to be a challenge for T&L in Australia. The Mining Council speaks for the mining industry, the ACTU for the Union movement, the Tourism Council for its industry, and the AMA for doctors and patients but when the views of the T&L industry are sought a, sometimes discordant chorus responds. A 2006 TALC report identified 106 separate groups that have a claim to representing some aspect of the T&L industry.

There are probably many reasons for this including the fact the T&L is a recently emerging way of organizing and providing services that challenges many of the tradition ways of doing things. It is also a derived demand and many companies that are critically dependant on logistics and have major T&L operations don't see themselves as being in the T&L industry.

This lack of focus and authoritative presence in policy debate and in the corridors of power' was part of the motivation behind the ALIS in 2002 that gave rise to the Australian Logistics Council. However the 2006 ALIS review found that the ALC, while making good progress, has not yet won the broad support from industry that is necessary to demand the attention of State and Commonwealth governments. While changes were evident and promising industry views often continue to be based on transport mode, customer grouping, by State, by professional affiliation or qualification, or by specific issue e.g. infrastructure. While all these considerations will remain essential the industry has yet to strike the right balance between providing a single, undeniable voice and ensuring necessary attention is paid to specific, practical issues.

The industry therefore pays the penalty in two important ways.

- First, this further exacerbates the 'invisibility' challenge addressed earlier in this paper. It means that, despite the economic and social importance of T&L it can struggle for attention in Government decision making. It is often said that 'there are no votes in freight'. Diffused industry leadership makes this true.
- Second, general community understanding and support for T&L remain low. In focus group research conducted for the ALC in 2006 very few secondary school students knew what logistics was or had a negative perception of T&L as being blue singlets and trucks. This makes it more difficult to recruit staff and win community support for T&L and could be redressed with a strong voice promoting a national industry brand.

While action to brand and promote T&L is progressing well continued effort is needed. Detailed options are discussed under the Human Capital Program but so far specific actions have included:

- A national brand that was developed from Queensland based research and supported by a national series of focus groups was endorsed in late 2006
- A style guide and support material has been produced and distributed through a series of Career Expos around Australia
- Commitments have been made, and funds committed to include a T&L Frequently Asked Questions book in the FAQs series that is provided to school around Australia
- ALC has agreed to work with the SA Freight Council and TALC to develop the SA Linc web site into a national resource providing information on careers and on other aspects of T&L
- T&L is now featured on a successful 'Virtual Careers Expo'

Specific comments made by the ALIS review in 2006 were:

"The ALC's role in providing a national voice on freight logistics issues received positive comment in the consultations. However, its work to date with the ALIS was seen more in terms of having built a base, rather than having achieved a substantial impact in key areas. Ongoing financial support would be needed to further develop the ALC's profile and work program.

The State-based Freight Councils have made a major contribution to the implementation of the ALIS. The Australian Government has used the priority areas of the ALIS to guide its support for the Councils, and a number of well-regarded reports have been produced. Progress has been made in clarifying the Freight Councils' relationship with the ALC, especially since the appointment of all Freight Council chairs as ALC members.

While the ALC has developed a number of effective linkages with stakeholders, particularly through its Annual Reports and Forums, other relationships require more attention in the future. Developing relevance to the needs of small and medium enterprises is one of these areas, together with communication channels. Relationships with governments are another.

The ALIS had strong support from the Australian Government, and received endorsement by the Australian Transport Council (ATC) in August 2002. Regular reports have been provided to officials on progress of the ALIS and the ALC. However, there is now industry uncertainty about the ongoing commitment of governments, particularly at senior levels. The Australian Government is seen as 'stepping back' over recent years. Further, although State and Territory governments are represented on the ALC, they have not made a substantial contribution to funding, or ALIS and ALC projects.

Action in the area of regulation is included under Leadership. From the outset of the ALIS and the ALC, there has been an interest to provide an industry perspective on the impact of regulation. However, the effort put into this work has varied, and industry has not yet established a voice on the impact of

regulatory decisions on logistics and supply chains. On the government side, a major step was the establishment of the National Transport Commission (NTC), bringing together development of road, rail and multimodal regulation. The ALC and the NTC are building an effective working relationship.

The ALC has played an important role within the industry through the cooperative work undertaken in response to the impact of 'chain of responsibility' regulations in freight logistics. With major retailers and transport companies, the Council developed the Retail Logistics Supply Chain Code of Conduct, launched in November 2006. The ALC will be the ongoing custodian of the Code, and will review it annually. The ALC has also been involved in development of similar Codes of Practice for other supply chains.

The export of logistics services was the third area of activity included under the Leadership Priority Area. While there has been no concerted national export-related action by industry or governments, the ALC and Freight Councils have supported export-related initiatives and assisted exporters with logistics advice. There is not a strong case for any future national logistics strategy to retain an export focus as a core element, although opportunities should be taken, where possible, to promote Australia's logistics capabilities."

Questions for consideration in the consultation workshops include

- How best can T&L best be branded and promoted?
- How can a greater focus on industry leadership be agreed?
- How can the important considerations of modal and State issues be retained in this broader T&L arrangement?
- How should national industry views be agreed?
- How can all parts of T&L including SMEs etc be fully involved?

4. Program Area Two – Infrastructure investment and use

A lot has been written in the press recently about T&L infrastructure investment and use. There is no doubt that it is a central, strategic issue and that tenacious, resolute and decisive action is need to ensure that

- comprehensive infrastructure plans are developed and are fully integrated and focused on the medium to long term
- targeted investment follows quickly with minimum red tape or political influence, and
- the rules governing use of the infrastructure allow industry to make most effective use of the investment.

Some key considerations in regard to infrastructure include follow.

Freight has elements that are of a national nature but it has been said that ‘the Founding Fathers forgot freight’. The Australian constitution is largely silent on freight issues. This means that States are responsible for freight and coordinating mechanisms have been necessary to address national (if not global) issues such as charging for interstate transport.

COAG has recently resolved to leave issues of urban congestion for the States to resolve with reference to world’s best practice. While it is understandable that the Commonwealth Government is reluctant to get drawn into areas of traditional State funding responsibility such as passenger transport, a major part of the solution to reduce urban congestion to facilitate efficient freight is addressing urban congestion issues such as public transport. This, therefore, needs a national response because freight is a national system.

Individuals wear different ‘hats’. At the same time we can be voter, parent, consumer, shareholder or worker etc. A further expression of the ‘invisibility’ of T&L is the community response which is often negative to the developments needed for more efficient T&L. Infrastructure provision and use issues include restrictive land zoning and curfews, opposition to preservation of transport corridors, urban encroachment on intermodal terminals such as ports or airports and priorities to passenger movement in peak periods. These are often supported by the same people who demand the results of ‘just in time’ just for me’ logistics. The tension between these competing demands from the same individual are often not consciously recognized and also often slow or restrict timely provision and effective use of infrastructure.

AusLink is potentially a major and important change in the approach that the Commonwealth Government takes to infrastructure investment and has been broadly supported by the T&L industry. The change to planning and committing investment on the basis of need by corridor has been an important and fundamental move away from separate modally based allocations. There have,

however, been some difficulties and concerns in the implementation of the plan. These include

- AusLink was subject to a series of bi-lateral agreements between the Commonwealth and State governments. Industry has not been part of these decisions at a strategic level
- States continue to raise concerns with the detailed allocations and argue, albeit on different basis, that they have each received less than their fair share of the funds, and the corridor rather than a systems wide approach and the lack of linkage to plans makes it difficult to assess the validity of these concerns.
- Arrangements that were initially proposed for formal inclusion of industry views have not been put in place and industry is consulted only at the corridor level. No dialogue at the strategic level takes place between the T&L industry and the investment decision makers.
- While the criteria for AusLink investment aimed to base decision strictly on the needs of the T&L industry there remains a concern that the program may be open to political influence.
- The concern with AusLink from a freight perspective is whether rail and port/airport access corridors have been adequately addressed, and how the allocations fit within a transparent and prioritized State plan.

Competition policy when originally formulated by Professor Fred Hilmer focused on, in part, improving Australia's international export efficiency by breaking down government owner monopolies and using competitive pressure as a tool to drive efficiency. By 2007 the situation has changed and competition policy, or perceptions in the T&L industry of competition policy, now threatens to stand in the way of improved export efficiency. The reason for this is that in many ways international trade can be seen as competition between alternate supply chains. If Australia is unreliable or unwilling to service a market then alternate providers in Brazil, South Africa etc will win the business. Competition policy struggles to apply its definitions at the whole of supply chain level and in doing, has the potential to restrict export efficiency.

Infrastructure pricing is also a major issue. The arguments advanced by different transport modes highlight the inequities.

- Road transport is prepared to pay its way for infrastructure use but resists calls for trucks to be unfairly penalized to give rail an advantage. At the same time road use revenue goes to consolidated revenue while allocations to roads budgets continues as a separate and unrelated political process. It is not a 'closed system' and therefore it is impossible to argue that higher charges pay for better infrastructure.
- Rail transport not only pays for the infrastructure that trains use but also pays infrastructure owners a return on investment. At the same time concerns persist that the basis of train path allocation disadvantages smaller operators and reduces competition.

- Shipping is the poor cousin and it has been said that we are a shipping nation but not a nation of ship owners.

Other issues that could be considered in the consultation workshops in relation to infrastructure include:

- Supply chain coordination, research, facilitation opportunities
- BAHS (Business Activity Harmonization Study) implications for three levels of government

The 2006 ALIS review made the following observations in regard to infrastructure.

“Infrastructure was a key focus of the Action Agenda report, with seven Actions addressing infrastructure issues. The Australian Government’s response acknowledged industry’s recognition that it needed to become more involved in providing strategic advice to governments on infrastructure.

The initial steps on infrastructure in the ALIS rested mainly with governments. AusLink, a major initiative of the Australian Government for land transport infrastructure, was foreshadowed in 2002 and introduced in 2004. The introduction and development of AusLink has significantly influenced the nature of infrastructure work under the ALIS.

Much of the intent of the ALIS in regard to improved planning and decision-making arrangements for freight infrastructure has been achieved through AusLink. There is now a greater focus on integrated decision-making across road and rail, on corridor planning and port-related issues. Although more needs to be done, the potential of rail freight is now receiving attention in keeping with its strategic significance. A good start has been made in terms of revising national infrastructure program structures and increasing funding levels. Several States have also made large commitments to enhancing their freight-related infrastructure in recent years.

The ALC reviewed its approach to infrastructure matters in 2005, and developed an Infrastructure Action Agenda, released in July 2006. This report provided an industry view on infrastructure priorities, and responded to COAG’s call to review supply chain efficiency, but it remains to be seen how work of this nature can most effectively contribute to inform decision-making, and foster engagement by governments and industry on infrastructure issues.

Freight Councils have commissioned studies of container movements in and out of their major ports, which address impediments to efficiency. There has also been active consideration of airfreight capacities at major airports. The Victorian and South Australian Freight Councils have recently completed substantial

reports on freight infrastructure in their States. These projects are consistent with the priority to infrastructure in the ALIS.

There remain areas of infrastructure policy where further progress is needed. The protection of freight corridors in land-use planning processes, the control of urban encroachment on ports and airports, and provision of space for intermodal facilities, continue as important economic issues. Operational issues affecting intermodal terminals or freight centres, such as in relation to rail access and authorised hours of business, are also concerns. Some industry representatives see potential for freight centres to be developed under 'open access' arrangements with independent third-party ownership, rather than as part of an integrated freight logistics company.

No significant work on infrastructure access has been directly undertaken under the ALIS. However, the economy-wide work initiated by COAG through its February 2006 Communiqué has significant implications for future decisions on the pricing of, and access to, transport infrastructure.

From comments made in consultations, it is clear industry would welcome a dialogue with governments about how, and in what areas, it can best make a contribution on infrastructure policy and planning. The ALC would have a key role in this process, as a national organisation bringing together representatives of providers and users of freight logistics, across both modes and the range of other logistics services. “

Questions

- Given the high level focus on rail, access to ports (and airports), freight planning and reducing regulation are there any missing gaps in our policy settings?
- Is AusLink delivering the type of improvements you see as necessary? Are there improvements you would suggest?
- Are there policy changes which are important to achieve more efficient logistics/supply change outcomes?
- Are the regulatory policy settings appropriate?

5. Program Area Three – Environmental Performance

The environmental issues such as noise and air pollution, management of oil or fuel spill risks, waste disposal, marine pest management and the myriad of other issues are being tackled. This is not to say that more should not be done or that the traditional environmental issues about sustainability should not be a major element of the new national industry strategy. In fact it is often argued that supply chain should/ must be defined to include all steps in the process from production or manufacture to recycle or land fill.

Issues of energy price and availability and fossils fuels- green house, however, have come to sharp public and industry attention more recently. These issues are well covered in the 15 year scenarios that have been developed by the ALC as the first step for the new national strategy. Issues that have been highlighted include:

- Impact of 'peak oil' on availability and price of energy
- Geopolitical instability and changes in international power and influence based on oil
- Level of research and level of community support to manage the impact of greenhouse gasses
- Carbon pricing – what is the trading system and what will be the price of carbon
- How will greenhouse and energy pricing effect company viability in Australia?
- What is the future of coal? Is clean coal a reality and what impact will it have? When will clean coal technology be available?
- Will T&L find alternate liquid fuels in time? If so, when? If not, what else can be done?
- What opportunities are there for T&L from nuclear energy in Australia?
- Will customers be prepared to pay more for greener T&L?
- When will the environmental cost of urban congestion be fully realized and included in infrastructure pricing and investment decisions?
- How will greenhouse and energy effect our exports and pour domestic production models?
- Will the current use of large distribution centres on a hub and spoke model be sustainable as T&L prices rise?
- Will the recent discussions about 'food miles' get public attention? (The Age reported on 1 August 2007 that if the total distance traveled of all items in a standard shopping basket were to be tallied it would be a distance
- What are the opportunities for provision of better information to customers on carbon footprint such as product labeling?

The 2006 review of ALIS reports on the issue of sustainability

In the early years of the ALC there was a substantial effort to promote the ISO14001 series of standards on environmental management; however the impact does not appear significant. It is too early to assess the results of the ALC's own 'Charter' for best practice environmental management, which was introduced in May 2006, but the initial response of companies, industry associations, and government agencies has been promising.

It is noted that a number of COAG initiatives are underway to examine aspects of climate change, as well as reviews and responses by individual governments. Any future national logistics strategy should build a close linkage with decisions in these areas. In addition, more efficient logistics operations will generally have favourable environmental impacts and this aspect should be brought out more by the ALC and industry groups.

There has not been detailed follow-up to the ALIS actions relating to the management of packaging or other waste stemming from logistics operations

Questions:

- Is environment and sustainability an issue of concern for T&L?
- If so, what are the priorities and what needs to be achieved, and when?
- Who should lead this? Who should pay for this?
- Where are the opportunities?

6. Program Area Three – Building Human Capital

Work over recent years has focused on

- Re-branding and promoting the T&L industry
- Efforts to improve attraction and retention
- Actions to improve training including
 - On the job training
 - Competency based training and skills development
 - Industry encouragement to Universities to increase collaboration and specialization to provide a more comprehensive and higher quality tertiary qualification (especially post graduate qualifications)
- Orchestration of research to raise the level of relevancy and bottom line impact by increasing the level of support and guidance from industry to the researchers
- Actions to understand and promote the processes behind successful innovation in T&L, particularly at the whole of supply chain level rather than at the individual product or process level
- Research into 'cross over points' to identify where individuals drop out of T&L when moving between jobs, between study and work, between States and so on
- Innovation process at a supply chain level

This has been to address concerns that

- T&L either is not known by the public or, alternatively, has a poor image meaning that it is less likely that job seekers will look for T&L careers.
- That about half of training in T&L is 'on the job' and not competency based, meaning that qualifications are not nationally recognized and are not nationally or internationally transportable.
- That innovation is isolated and spasmodic.

Questions

- How can efforts to brand and promote T&L be more effective?
- How can rates of attraction and retention be improved?
- How can T&L better develop skills?
- How can the T&L industry better work with training organizations, including Universities, to support skills development?
- How can Australian T&L effectively compete in the race for talent with other industries in Australia and on a global stage?

7. Program Areas Four - Rules and Regulations

Some brief dot points follow relevant to regulation issues. A more detailed and comprehensive discussion paper on this important issue is on the ALC web site. The paper reviews regulatory reform impediments and offers priorities for reform priorities... one of the major challenges in reform is for industry to be specific. It is not enough to raise general concerns about the level and application of regulation... it is essential that the cost and benefit of change be identified and quantified so that stakeholders, including governments can think about all of the factors when considering change.

Some things to think about are:

- History of Federation? Need to ‘fix federation’ – rail gauge problem being perpetuated by current legislators - unnecessary costs being carried by T&L because of variations in regulation
- Operations and Safety regulation and the extent to which additional and unnecessary cost are added to supply chain
- Role of future for NTC – PBS, B Triples, Mass, Vehicle design, access, fatigue, drugs etc draw from ALC Regulation report
- Rise of industry codes – Gypsum, Automotive, Steel, Concrete, Retail Logistics – danger of replacing inconsistent state based regulation with industry based self regulation – needs for national leadership and joint response
- Security – dangerous goods – community sensitive goods
- Economic – probably covered under infrastructure – ACC- State competition regulators – supply chain efficiency coordination

Questions

- Do we have the balance between regulation and operational efficiency right?
- What, specifically, needs to be changed and how much would it save?
- How can industry help Government coordinate between the three levels and avoid unnecessary costs?

8. Area Five – Future of T&L

- Industry Data collection and maintenance
- Strategy and planning
- Industry engagement and involvement in State and Federal industry Strategy

9. What next?

- How will these ideas be tested and developed?
- How will the industry decide on the strategy?
- How will implementation be managed?
- How will implementation be funded and supported?

10. Conclusions

- To be based on the results from the consultation workshops and the written responses to the development process.

**IMPLEMENTATION OF THE AUSTRALIAN LOGISTICS INDUSTRY
STRATEGY**
Finding from review in February 2007

Priority Area and Action	Responsibility	Status	Future Directions
LEADERSHIP			
Implementation and Development			
A36 Establish the Australian Logistics Council	Industry, with the Australian Government	Completed	Need to further develop role of ALC, establish financial viability and enhance State and regional linkages. SME contact to be reviewed by ALC
A33 Establish national industry consultative framework	Industry	Ongoing	Further action necessary to build industry support for ALC
A34 Australian Transport Council support	Australian Government	Ongoing	Little direct interaction since initial endorsement – review level of support and future communication channels
A35 Coordinate government activities	Australian Government	Ongoing	Original intent not met. DOTARS to consider future options
Regulation			
A28 Review progress in regulatory reform	Industry	Ongoing	Original intent not met. ALC to reconsider role in context of NTC activity and any action under A34
A29 Broaden approach to regulatory reform	Joint governments	Ongoing	Governments to reconsider in context of A34
A30 Insurance and liability review	Industry	Not addressed	Industry to review. If no priority, drop from core strategy
Exporting services			
A21 Review export performance	Industry	Ongoing	Addressed only in ad hoc way. Drop from core strategy
A22 Promote global logistics chain capabilities	Australian Government	Ongoing	As for A21
INFRASTRUCTURE			
A23 Develop strategic framework	Joint governments	Ongoing	Need to reassess nature of industry input and consultative channels with governments
A24 Secure transport corridors	Joint governments	Ongoing	As for A23
A25 Assist freight centre planning	Joint governments	Ongoing	Scope for further industry input on planning and access issues
A26 Review Federal infrastructure funding	Australian Government	Ongoing	Largely achieved in structural terms with AusLink
A27 Audit logistics	Industry	Ongoing	Limited response. ALC to review

facilities			industry priorities
A31 Assess access regimes	Industry	Ongoing	Limited direct response. ALC to consider in infrastructure work and against COAG work streams
A32 Accelerate rail reform	Joint governments	Ongoing	Need remains to accelerate. Industry role to be considered in context of A23
PEOPLE			
Education and Training			
A13 Develop national education and training framework	Industry	Ongoing	Remains a key area. Needs to continue in next stage of the TALC
A12 Promote career and training opportunities	Industry	Ongoing	Can now move to next phase with roll out of transport and logistics branding
A14 Develop learning networks	Industry	Ongoing	Limited progress. Could be refocused toward management training and mentoring
A15 Create education and training web portal	Industry	Ongoing	With portals now in prospect, focus to switch to ongoing funding/maintenance issues
A16 Review education and training funding	Industry	Ongoing	Central to addressing future skill needs. Requires substantial commitment and enhanced data
Workplace Relations			
A10 Promote more flexible work arrangements	Industry	Ongoing	Much groundwork done, task is more now in implementation, including possible development of a national approach
A11 Improve occupational health and safety	Industry and joint governments	Ongoing	Further develop Code of Conduct applications. The scope for a national initiative in OH&S to be considered by ALC
INNOVATION THROUGH TECHNOLOGY AND KNOWLEDGE			
e-Logistics			
A9 Address inter-connectivity of systems	Industry	Ongoing	Review against other priorities and resourcing. Need to identify areas where an impact could be made, and scope to promote take-up of any chosen projects
A7 Demonstrate benefits of e-Logistics	Industry and joint governments	Ongoing	Limited progress. Consider together with A8 and A9
A8 Improve freight distribution through e-Logistics	Industry and joint governments	Ongoing	Limited progress. Consider together with A7 and A9
Strategic Knowledge			
A1 Enhance data and analysis	Industry and joint governments	Ongoing	Need to resolve approach across ALC and governments. Consider special surveys and publishing

			indicators of performance
A2 Provide best practice information packages	Industry	Partially addressed	ALC to pursue in context of Code of Conduct work and Environmental Charter
A3 Produce template service level agreements	Industry	Not addressed	Review, but likely drop from future strategy
A4 Review accreditation arrangements	Industry	Not addressed	Need to better define problem and scope for action, before including in future strategy
Innovation, Research and Development			
A5 Analyse innovation processes	Industry	Ongoing	Review future approach. Desirable to retain a focus subject to other priorities and resourcing
A6 Improve research and development capabilities	Industry and joint governments	Ongoing	Concept of a national research forum merits further development
SUSTAINABILITY			
A20 Promote environmental accreditation	Industry and joint governments	Ongoing	Continue 'best practice' efforts as in IS14001 and Environmental Charter promotion. Consider implications of COAG and other related work
A17 Reduce congestion and emissions	Industry and joint governments	Partially addressed	Valuable to continue a focus on cross-modal issues. As for A20, also consider implications of COAG and other government actions
A18 Life-cycle assessments to reduce environmental impacts	Industry	Not addressed	Drop as a separate action, and pursue in context of 'best practice' approaches
A19 Eliminate packaging waste	Industry	Partially addressed	As for A18
SECURITY			
No specific action, but main focus on carriage of dangerous goods	Industry	Ongoing	Remain as an activity, but not a priority area. Industry role to be more advisory than developmental

Abbreviations

ALC	Australian Logistics Council
ALIS	Australian Logistics industry Strategy
ATC	Australian Transport Council
AusLink	Australian Governments infrastructure investment program
BTRE	Bureau of Regional and Transport Economics
COAG	Council of Australian Governments
PBS	Performance based standards
NTC	National Transport Commission
TALC	Transport and Logistics Centre
T&L	Transport and Logistics