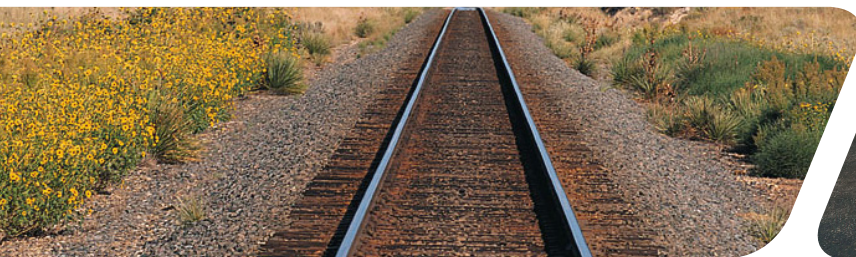
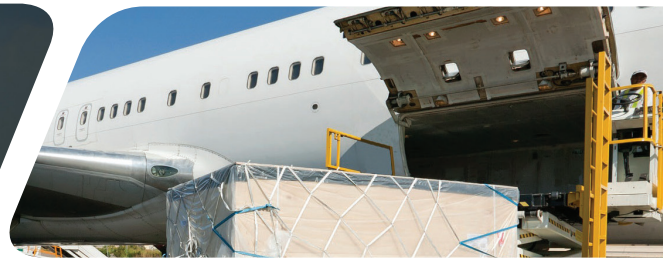




APRIL 2014

MLC

ALC SUBMISSION TO THE HOUSE OF REPRESENTATIVES TRANSPORT AND INFRASTRUCTURE COMMITTEE INQUIRY INTO INFRASTRUCTURE PLANNING AND PROCUREMENT



THIS SUBMISSION HAS BEEN PREPARED WITH THE
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Summary of Recommendations

Recommendation 1

Governments should adopt Recommendation 7.6 of the Productivity Commission's December 2013 research report *Major Project Development Assessment Processes* which suggests legislative guidance should be provided for decision makers to follow when making approval decisions, which includes the factors that decision makers need to take into account when making decisions.

Recommendation 2

High level planning instruments should detail how:

- (a) the preservation of transport corridors identified in the freight and logistics plan of a state or territory or as part of the exercise of mapping key freight routes under activity 1.1 of the National Land Freight Strategy;**
- (b) or landside routes of strategic importance, identified pursuant to recommendation 1.5 of the National Ports Strategy**

will be funded.

Recommendation 3

The Australian Government should make eligibility for Commonwealth funding conditional on compliance with a set of good practice governance principles and policy processes.

Recommendation 4

Australian governments should agree to an intergovernmental planning process and agreement on commitment of funds for corridor protection.

Recommendation 5

Routes identified as being key freight routes should be placed on the National Land Transport Network.

Recommendation 6

The Australian Government should develop criteria that should be used when nominating a route as a 'key freight route'.

Recommendation 7

A national terminals strategy should be developed.

Recommendation 8

Infrastructure Australia should expedite the development of its National Corridor Protection Scheme.

Background on Australian Logistics Council

The Australian Logistics Council (ALC) is the leader in the national debate on critical issues affecting the Australian logistics supply chain industry.

ALC works with government at all levels to ensure it considers the needs of freight logistics in its investment and policy decisions in order to develop efficient national supply chains and to maximise their benefits to the national economy.

ALC also works in collaboration with its members and other stakeholders to promote and encourage greater recognition by Government and the community of the importance of the Freight logistics industry's contribution to Australia's economy

Introduction

(ALC) is pleased to make a submission to this enquiry.

ALC will limit its observations to matters relating to the identification and protection of land corridors as they relate to the carriage of freight.

As the National Land Freight Strategy has indicated:

Infrastructure Australia has identified long term precinct and corridor protection as one of the most significant issues across all modes of transport and requires a national approach to provide a long term focus on this issue. Limited efforts to plan, protect and acquire (on a timely basis) land for freight precincts and corridors has the potential to significantly increase the costs of the development and ongoing operation of transport infrastructure. Failure to protect corridors can result in preferred routes being 'built out', by encroaching development, sub-optimal routes being used and diverted or expensive alternatives (such as tunnels) requiring development. There is significant scope to improve planning to protect precincts and corridors, and maximise their use.¹

ALC has argued for over four years that the interests of freight are the 'poor cousin' of planning, with the need to move goods given secondary consideration to other interests, such as urban development.

There is some recognition within government that this must change, as indicated through the creation of policy documents such as the:

- National Land Freight Strategy (the NLFS);
- National Ports Strategy (the NPS); and
- COAG Capital City Strategic Planning reforms (which required state and territory level planning instruments to provide for transport corridors and intermodal; connections).

¹ National Land Freight Strategy - http://www.transportinfrastructurecouncil.gov.au/publications/files/National_Land_Freight_Strategy_Compressed.pdf

States and Territories Plans

States and territories have developed planning documents to honour commitments to these national policy documents. These include the

- NSW Freight and Port Strategy
- Victoria - The Freight State
- Queensland - Moving Freight Strategy

Whilst generally showing a commitment towards integrating infrastructure needs with other planning demands, it is noted governments do change over time and with different priorities, and the interests of freight and infrastructure can suffer as a result.

More generally, ALC has noted that (not unexpectedly) urban amenity issues feature largely in debates about planning.

For example, with respect to the Planning Bill introduced into the NSW Parliament in 2013:

- the word ‘freight’ was not mentioned in the legislation;
- freight needs were not mentioned by the Planning Minister in opening or closing debate on the legislation in the Legislative Assembly; and
- freight concerns failed to feature in debate in any way at all.

ALC has therefore formed the view that rather than merely have high level planning policy documents that either ‘inform’ or are ‘taken into account’ when making determinative planning decisions, the primary legislation governing planning **must** place decision makers under a mandatory duty to consider and **give effect** to policies contained in specific freight and logistics plans formulated by government.

What ALC has in mind is a provision similar to subsection 141T(2) of the *Transport Integration Act 2010* (Vic), as it prescribes the way in which the Port of Hastings Development Authority undertakes its

activities, which reads:

(2) In performing the functions conferred on the Port of Hastings Development Authority, the Port of Hastings Development Authority must—

(a) carry out its functions consistently with State policies and strategies for the development of the Victorian port and freight networks; and

(b) (.....)

In this case, the relevant duty would be imposed on an entity empowered to make a planning instrument under state or territory planning legislation.

This would satisfy Recommendation 7.6 of the Commission’s December 2013 research report *Major Project Development Assessment Processes* which suggests legislative guidance should be provided for decision makers to follow when making approval decisions, which includes the factors that decision makers need to take into account when making decisions.

Funding land preserved for transport corridors and buffer zones

There are a number of mechanisms by which corridors can be funded through capturing ‘value’ created by the infrastructure. These mechanisms have been collected in publications such as *Moving Melbourne – A Transport Funding and Financing Discussion Paper*.²

Some state and territory planning documents list possible mechanisms that **could** be used but do not deal with **how** identified corridors requiring preservation **are** to be funded.

ALC believes that if land is not actually retained, corridors remain lines on a map; the possibility of the land being used for other purposes remains.

As the Productivity Commission, quoting the COAG Standing Council on Transport and Infrastructure, (since renamed the Transport and Infrastructure Council) said:

Delays in identifying and acquiring land to be

² <http://www.melbourne.org.au/docs/moving-melbourne--a-transport-funding-and-financing-discussion-paper.pdf>

set aside for future corridors has the potential to significantly increase the costs of the development and ongoing operation of transport infrastructure, which may distort project selection decisions. Failure to protect corridors can result in development encroaching on preferred routes, sub optimal routes or expensive alternatives.

ALC believes that high level planning instruments should detail how:

- the preservation of transport corridors identified in the freight and logistics plan of a state or territory or as part of the exercise of mapping key freight routes under activity 1.1 of the NLFS will be funded or
- landside routes of strategic importance, identified pursuant to recommendation 1.5 of the NPS will be funded.

That said, as the Productivity Commission said in its recent draft report on public infrastructure³, there will continue to be a role for governments to at least partly fund some types of public infrastructure.

The Commission said (page 233):

The costs of acquiring land for corridor preservation are also influenced by the legislative requirements for compensation of land holders, which vary across jurisdictions. However, land preservation issues are broader than simply the cost of reserving or acquiring land. Corridor preservation can be impeded, or the net benefits reduced, by developments on land adjacent to corridors. State governments often have a role in managing such developments through land planning strategies and guidelines....

It went on to say (page 12):

Where needed, government funding should generally be sourced from broad-based taxes on income, consumption or land because they have lower efficiency costs. Income and consumption taxes, by far the largest in terms of the level of revenue raised, are levied by the Australian Government. So it has a vital role

to play in funding infrastructure spending by the State and Territory Governments, as well as local governments. The Australian Government should use this role to encourage direct user charging and value-capture measures (such as betterment levies and property development charges) where possible, and to improve project selection, delivery and the collection of data and information to inform decision-making by governments about future infrastructure projects.

To facilitate adoption of these arrangements by other tiers of government, the Australian Government should make eligibility for Commonwealth funding conditional on compliance with a set of good practice governance principles and policy processes. Care should be taken to ensure that obligations placed on local governments are proportionate to both the funds the Australian Government provides and the capacity of individual local governments to comply.

ALC agrees with this recommendation.

The Productivity Commission also said (page 234):

The need to improve land planning and corridor preservation was identified in both the National Land Freight Strategy and National Ports Strategy. However, there appears to be no formal agreement between jurisdictions. A critical part of any national regime would need to include an intergovernmental planning process and agreement on commitment of funds for corridor protection.

Moreover, there appears to be no consistent strategy for the use of reserved land prior to its use for public infrastructure. With some corridor reservations potentially lasting decades, the credible allocation of reserves for alternate uses prior to the development of infrastructure could be of significant value and accrue revenues to governments. That said, governments need to be confident that when a project is being developed, access to the corridor will not be thwarted.

ALC agrees with this Productivity Commission recommendation. It is imperative the Australian Government has 'skin in the game' when it comes to

³ Productivity Commission Report into Public Infrastructure (2014) www.pc.gov.au/projects/inquiry/infrastructure

funding infrastructure and the states and territories have certainty as to when federal funds are to be provided.

Such an agreement will also allow the community to benchmark how well governments do in actually delivering, rather than merely promising, corridor preservation.

The mapping of key freight routes

Under the NLFS, jurisdictions have agreed that by the end of 2014 they will:

- map the key freight routes connecting the nationally significant places for freight; and
- identify any funding, regulatory or corridor protection measures required for these key freight routes, including mechanisms for protecting freight corridors and precincts for the growing freight task.

Freight route maps have been prepared by jurisdictions. However, ALC understands the maps are only to be treated as being 'practical maps' to enable governments to achieve a better understanding of the freight task rather than a mechanism to deliver funding.

ALC believes that if the mapping exercise is to identify 'places for freight' that are 'nationally significant' (including places yet to be developed), they should be regarded as being an important subset of the National Land Transport Network - currently, not all routes are on the Network.

Listing on the Network allows the Commonwealth to provide funds under the Infrastructure Investment Programme that is to be administered under the terms of the Land Transport Infrastructure Amendment Bill, which is (at time of writing) before the Senate.

This would allow functions such as corridor protection to be funded and would also provide an illustration by the Commonwealth as to the importance it gives the movement of freight.

That said, ALC understands that different jurisdictions used different criteria when nominating key freight routes.

This lessens the utility of the mapping exercise.

Rail corridors

Rail members of ALC report that recognition of rail freight needs (particularly the preservation of land for terminals and connections) are often neglected when making land use planning decisions. As a result, the cost of rail connections to mainline and ports can be prohibitive.

There is a need to develop a national terminals strategy to provide some focus so as to promote the efficient development of rail infrastructure.

This will also include dealing with issues such as:

in **Queensland:**

- Development of allocated and approved sites in Bromelton;

in **NSW:**

- development of the Moorebank precinct; and
- reservation of a Western Sydney corridor and terminal site; and

in **Victoria:**

- development of a western intermodal freight precinct and port connection; and
- reservation of a northern line adjacent to the interstate mainline.

National Corridor Protection Scheme

ALC finally notes the NLFS suggests Infrastructure Australia is developing a National Corridor Protection Scheme.

Details of this scheme are unclear. The public debate in this area will be facilitated if Infrastructure Australia expedited this body of work.

**The Australian Logistics Council
April 2014**

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