



AUSTRALIAN LOGISTICS COUNCIL



SUBMISSION

PRODUCTIVITY COMMISSION STUDY INTO
PERFORMANCE BENCHMARKING OF AUSTRALIAN
BUSINESS REGULATION: PLANNING, ZONING AND
DEVELOPMENT ASSESSMENTS

AUGUST 2010

WHO WE ARE

The Australian Logistics Council (ALC) is the peak national body for Australia's freight Transport & Logistics (T&L) industry. The aim of ALC is to influence government policy decisions to ensure that Australia has a safe, secure, reliable, sustainable and competitive freight T&L industry.

THIS SUBMISSION HAS BEEN PREPARED WITH THE
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Table of Recommendations

Recommendation 1

Efficiency in decision making would improve if the Productivity Commission, as part of the *study into Planning, Zoning and Development Assessments*, mapped all documentation published by governments and COAG that purports to influence the exercise in decision making with respect to planning.

That includes not only formal legislative provisions under which zoning and other planning decisions are made but also documents such as:

- a. (the national objective and criteria for future strategic planning of capital cities endorsed by COAG; and
- b. other documents that contemplate the need for zoning decisions to be made, such as
 - i. ***Shaping Melbourne's freight future: proposals for an intermodal solution to serve Melbourne's freight task***; and
 - ii. **the National Freight Network Plan and National Ports Strategy being developed by Infrastructure Australia**

so planning decisions can be made from a whole of government perspective.

Recommendation 2

An important part of this exercise would be to map how often such documentation changes. This is because the private sector is reluctant to invest in infrastructure without certainty that governments will not change the rules.

Recommendation 3

Given the importance that national planning criteria will play in the planning of capital cities, the Productivity Commission should ask the COAG Reform Council (or the expert advisory panel supporting the COAG Reform Council review of the consistency of capital cities strategic planning systems) to set out as soon as possible the underlying tests it will apply to assess whether the high level national criteria has been satisfied, for inclusion in the Commission's benchmarking exercise.

About ALC

The Australian Logistics Council (ALC) is the peak national body for Australia's freight Transport & Logistics (T&L) industry.

ALC aims to influence government policy decisions to ensure that Australia has a safe, secure, reliable, sustainable and competitive freight T&L industry.

ALC members have interests across the full spectrum of the Australian freight T&L supply chain, including owners, providers and users of infrastructure, as well as suppliers of goods and services.

The Objectives of ALC are to:

1. Be the nationally recognised voice of the major participants in Australia's domestic and international freight T&L supply chains.
2. Support appropriate nationally consistent regulatory frameworks and transparent markets to ensure Australia enjoys the full benefits of national freight T&L policy development and reform.
3. Promote the freight T&L industry's image and profile and encourage greater recognition by governments and the community of the importance of the industry's contribution to Australia's economy.
4. Drive implementation of strategies to improve Australia's domestic and international supply chains.

Introduction

ALC is pleased to respond to the *Productivity Commission Study into Performance Benchmarking of Australian Business Regulation: Planning, Zoning and Development Assessments and its Issues Paper* (the issues paper).

An efficient freight transport & logistics (T&L) chain is necessary for a growing Australian economy.

For example, ALC estimates that the freight T&L industry generates 14.5% of Australia's GDP and provides more than 1 million jobs across 165,000 companies. ALC estimates that every 1% increase in efficiency will save Australia around \$1.5 billion.¹ 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.

This is now being recognised in documents such as Infrastructure Australia and the National Transport Commission's May 2010 *National Ports Strategy* (**the Ports Strategy**). Infrastructure Australia is also in the process of developing a National Freight Network Plan.

ALC notes the importance placed by the Ports Strategy on ensuring that planning instruments preserve freight corridors and that buffer strategies are in place and specifically agrees with this observation:

It is important to understand and address these future infrastructure requirements at more than the government funding level. Previous sections have noted some stakeholder concerns regarding encroachment of ports and slowness of approval processes. If decision makers are unaware of future infrastructure requirements, and the importance of ports, it may be difficult to resolve such concerns.²

The transport and logistics industry requires access to freight corridors.

Moreover, either too much residential intrusion near logistics infrastructure or congestion around the infrastructure causes inefficiency.

This issue is comprehensively addressed in the following documents: the *Fremantle Ports Planning and Strategic Freight Routes*; and the *Fremantle Inner Harbour Buffer Study*. This point is amplified by the Fremantle Ports Authority in its submission to the Commission in the context of this reference.

Transport corridors also need to be aligned with the growth areas that they serve. For example, the M7 in Sydney has had a huge effect on where industries are established. Finally, it is important to note that because of previous land use choices, the option of preserving transport corridors no longer exists in some populated areas, leading to the development of infrastructure such as tunnels. This is also something that needs to be taken into account in planning processes.

¹ Australian Logistics Council (ALC) *National Strategy for the Transport and Logistics Freight Industry – Enhancing Australia's Supply Chains 2008-2015*.

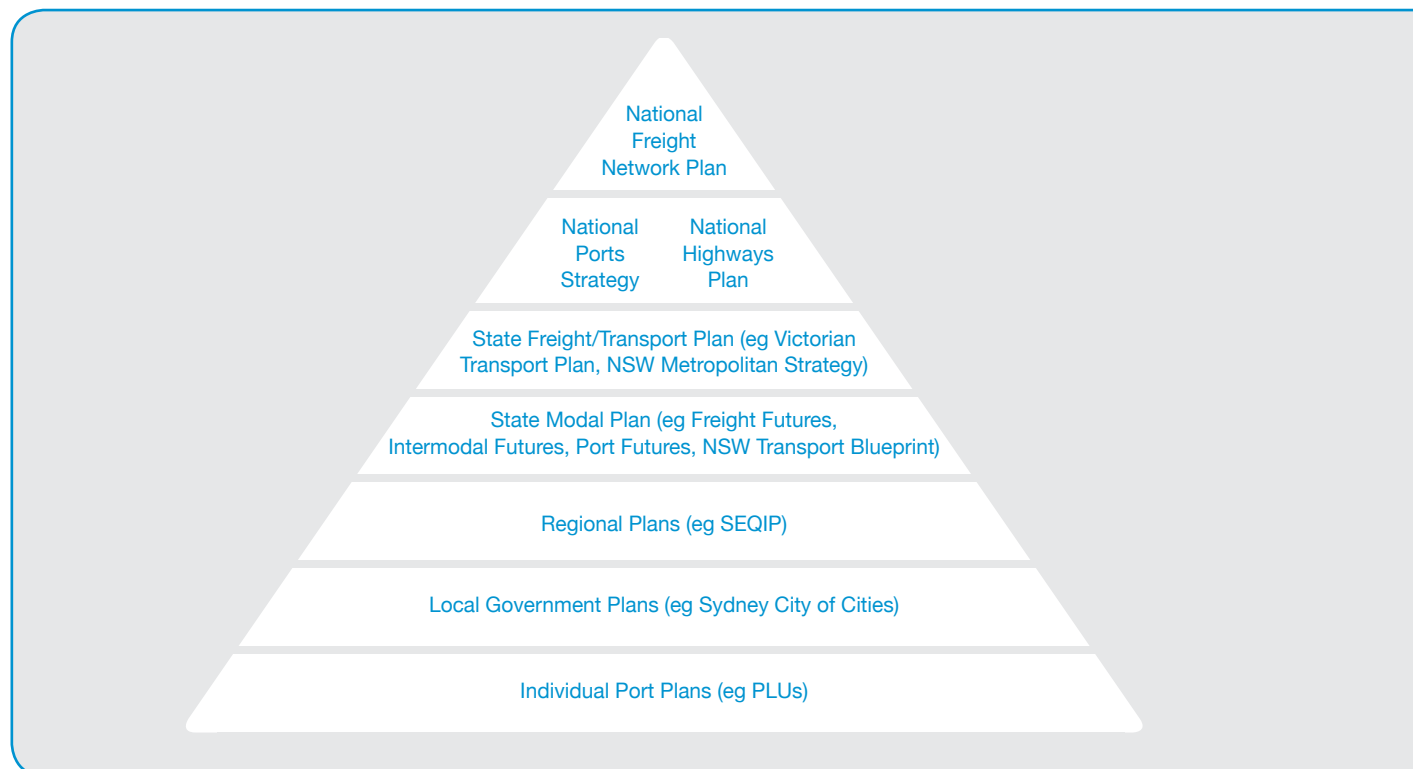
² Page 76 of the draft National Port Strategy.

Agreement with thrust of the Draft National Ports Strategy

ALC generally agrees with a number of proposals contained in the Ports Strategy, including:

- » the Commonwealth leading the development and application of a nationally consistent environmental management regime for relevant ports that:
 - differentiates between the places covered by these ports and other coastal, maritime and landside places;
 - reflects the primacy of the economic and productivity function of the relevant ports;
- reflects the hub nature of relevant ports and their influence on land based freight systems;
- reflects the immobile nature of the relevant ports;
- reflects the requirements for the long life of assets and transport systems associated with the relevant ports; and
- declares that major projects in or related to the relevant ports or Freight Corridors should be nominated for economic strategic assessment type processes in jurisdictions to e.g. facilitate streamlined environmental impact approvals processes for economic significance;

TABLE 01 ALC preferred hierarchy of strategy documents



SOURCE: Asciano *National Freight Network Plan and National Ports Strategy* Submission to Infrastructure Australia March 2010.

- » jurisdictions should apply a “Lead Agency Framework” to assist the planning approvals and environmental impact assessment processes for all relevant ports and Freight Corridors;
- » policies and planning schemes (and controls) at all relevant levels of government should include “buffer” strategies for the relevant ports and Freight Corridors and other related places to ensure the continued ability to conduct the freight and related activities identified in the plans minimise impacts on communities of these activities;
- » approvals that are related to relevant ports or Freight Corridors should extend to at least the outlook horizon for the plan of the relevant port; and
- » a report should be made each year to the Council of Australian Governments Reform Council on those matters for which further approvals are required during the time horizon of the plan of each relevant port, including matters that may not be within the control of the relevant port authority eg. roads.

In the context of the Australian freight chain, ALC supports the hierarchy of planning documentation to manage development outlined in Table 1.

Context

There is a danger of 'silo thinking' within government.

ALC is particularly concerned that the planning considerations set out reasonably well in the Port Strategy may not be given the same weight within the bureaucracies charged with making actual planning 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*⁶

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.

The COAG Reform Council will be independently reviewing the consistency of capital city strategic planning systems against the new criteria. An expert advisory panel has been established to support the COAG Reform Council in assessing capital city strategic policy systems against the new criteria during 2010 and 2011.³

However, ALC notes that according to the 2010/2011 budget papers, dwelling investment is forecast 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.⁴

Moreover, according to work conducted by IBIS World for a 2009 report by Infrastructure Partnerships Australia, 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 companies will have to improve transport and logistics strategies and efficiencies, and governments will have to undertake substantial new investment and policy reform.⁵

This means:

- » greater pressure on both transport infrastructure and 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 the Local Government and Planning Minister's Council and Housing Ministers' Conference held on 12 February in Canberra 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'⁶

which reflects limited focus on one area of planning, to the possible detriment to the interests of other land users such as T&L sector participants.

³ COAG Communiqué 7 December 2009

⁴ 2010-11 Budget Paper No.1 Statement 2 - Overview

⁵ Infrastructure Partnerships Australia *Meeting the 2050 Freight Challenge* p.10

⁶ <http://www.lgpmcouncil.gov.au/communique/20100212.aspx>

⁷ Infrastructure Australia and the National Transport Commission *The Proposed National Ports Strategy* May 2010 page 33

ALC agrees with observations made in the draft National Ports Strategy that freight is regarded as the 'poor cousin' of the urban planning context.⁷

Promises contained in sector specific documentation sound superficially encouraging. For example, ALC notes the April 2010 Discussion Paper *Shaping Melbourne's freight future: Proposals for an intermodal solution to serve Melbourne's freight task* which says in part:

Under the proposed MFTN model, there is clearly a key role for Government in identifying and securing outer suburban sites for the principal terminals which will form the basis for the system.

Once suitable sites have been determined, this will require the Government to secure them through a combination of appropriate zoning and, potentially, land acquisition processes. (emphasis added)⁸.

While sector specific plans can be very helpful in ensuring the needs of the freight industry, the documents are pointless if they are not taken into account by those charged with the statutory authority to make planning decisions such as the rezoning of land.

⁷ Infrastructure Australia and the National Transport Commission *The Proposed National Ports Strategy* May 2010 page 33

⁸ Page 67

Recommendations

ALC notes that on 7 December 2009 COAG resolved:

In relation to capital city strategic planning systems, COAG agreed that, by 1 January 2012, all States will have in place plans that meet new national criteria. The COAG Reform Council will independently review the consistency of capital city strategic planning systems against the new criteria during 2010 and 2011. A jointly appointed expert advisory panel will be established to support the COAG Reform Council.

The national criteria is set out in the **attachment**.

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).

In the context of the Commission's reference, ALC notes page 2 of the Issues Paper says that the proposed benchmarking work of the Commission 'is complementary to other work such as the national criteria and the housing supply and affordability reform agenda'.

However, given the strength of the COAG resolution, it is artificial to treat the Commission benchmarking exercise as being 'complementary to' the COAG work.

ALC believes that the national criteria have the look and feel of a 'benchmark' against which adequacy of planning processes are to be judged.

Table 1 of the Issues Paper (page 9) lists 'key legislation and supporting regulations' facilitating zoning decisions.

Efficiency in decision making would be served if the Commission, as part of its exercise, mapped all documentation published by governments and COAG that purport to influence the exercise in decision making with respect to planning.

That includes not only formal legislative provisions under which zoning and other planning decisions are made but also documents such as:

- a. the national planning criteria endorsed by COAG; and
- b. other documents that contemplate the need for zoning decisions to be made, such as
 - i. *Shaping Melbourne's freight future: proposals for an intermodal solution to serve Melbourne's freight task* (or whatever final document flows from it); and
 - ii. the National Freight Network Plan and the National Ports Strategyso planning decisions can be made from a whole of government perspective.

An important part of this exercise is to map how often documentation changes.

This is because the private sector requires investment certainty.

Finally, given the importance that national planning criteria will play in the planning of capital cities, the Productivity Commission should ask the COAG Reform Council (or its expert panel) to set out as soon as possible the underlying tests it will apply to assess whether the high level national criteria has been satisfied.

This will of course also help the Commission in its benchmarking exercise.

**Australian Logistics Council
August 2010**

ATTACHMENT

NATIONAL OBJECTIVE AND CRITERIA FOR FUTURE STRATEGIC PLANNING OF CAPITAL CITIES

Objective

To ensure Australian cities are globally competitive, productive, sustainable, liveable and socially inclusive and are well placed to meet future challenges and growth.

Criteria

Capital city strategic planning systems should:

1. be integrated: -
 - a. across functions, including land-use and transport planning, economic and infrastructure development, environmental assessment and urban development, and
 - b. across government agencies;
2. provide for a consistent hierarchy of future oriented and publicly available plans, including: -
 - c. long term (for example, 15-30 year) integrated strategic plans,
 - d. medium term (for example, 5-15 year) prioritised infrastructure and land-use plans, and
 - e. near term prioritised infrastructure project pipeline backed by appropriately detailed project plans;
3. provide for nationally-significant economic infrastructure (both new and upgrade of existing) including: -
 - f. transport corridors,
 - g. international gateways,
 - h. intermodal connections,
 - i. major communications and utilities infrastructure, and
 - j. reservation of appropriate lands to support future expansion;
4. address nationally-significant policy issues including: -
 - k. population growth and demographic change,
 - l. productivity and global competitiveness,
 - m. climate change mitigation and adaptation,
 - n. efficient development and use of existing and new infrastructure and other public assets,
 - o. connectivity of people to jobs and businesses to markets,
 - p. development of major urban corridors,
 - q. social inclusion,
 - r. health, liveability, and community wellbeing,
 - s. housing affordability, and
 - t. matters of national environmental significance;
5. consider and strengthen the networks between capital cities and major regional centres, and other important domestic and international connections;
6. provide for planned, sequenced and evidence-based land release and an appropriate balance of infill and greenfields development;
7. clearly identify priorities for investment and policy effort by governments, and provide an effective framework for private sector investment and innovation;
8. encourage world-class urban design and architecture; and
9. provide effective implementation arrangements and supporting mechanisms, including: -
 - u. clear accountabilities, timelines and appropriate performance measures,
 - v. coordination between all three levels of government, with opportunities for Commonwealth and local government input, and linked, streamlined and efficient approval processes including under the Commonwealth *Environment Protection and Biodiversity Conservation Act 1999*,
 - w. evaluation and review cycles that support the need for balance between flexibility and certainty, including trigger points that identify the need for change in policy settings, and
 - x. appropriate consultation and engagement with external stakeholders, experts and the wider community.



M E M B E R S

PLATINUM



GOLD



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BlueScope Steel
Broome Port Authority
Coca-Cola Amatil
National Foods Limited
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Port Kembla Port Corporation
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Swire Cold Storage
Transport Certification Australia
Wallenius Wilhelmsen Logistics
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Australian Furniture Removers Association Inc
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Australian Shipowners Association
Chartered Institute of Logistics & Transport in Australia
GS1 Australia Limited
Ports Australia

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Transport Unions Federation
Victorian Freight & Logistics Council
Victorian Transport Association

ASSOCIATE

Merrill Lynch
Victoria University