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**HOUSE OF  
REPRESENTATIVES**

STANDING COMMITTEE ON TRANSPORT AND REGIONAL  
SERVICES

**Reference: Transport networks inquiry**

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**HOUSE OF REPRESENTATIVES**  
**STANDING COMMITTEE ON TRANSPORT AND REGIONAL SERVICES**

**Wednesday, 13 September 2006**

**Members:** Mr Neville (*Chair*), Mr Gibbons (*Deputy Chair*), Ms Bird, Mr Haase, Ms Hall, Dr Jensen, Mr McArthur, Mr Richardson, Mr Ripoll and Mr Schultz

**Members in attendance:** Mr Haase, Dr Jensen, Mr Neville, Mr Richardson and Mr Schultz

**Terms of reference for the inquiry:**

To inquire into and report on:

- the role of Australia's regional arterial road and rail network in the national freight transport task;
- the relationship and co-ordination between Australia's road and rail networks and their connectivity to ports;
- policies and measures required to assist in achieving greater efficiency in the Australian transport network, with particular reference to:
  - land transport access to ports;
  - capacity and operation of major ports;
  - movement of bulk export commodities, such as grain and coal;
  - the role of intermodal freight hubs in regional areas;
  - opportunities to achieve greater efficiency in the use of existing infrastructure; and
  - possible advantages from the use of intelligent tracking technology;
- the role of the three levels of Government and the private sector in providing and maintaining the regional transport network.

**WITNESSES**

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**Committee met at 9.36 am****BACKMAN, Mr Ivan, Chairman, Australian Logistics Council****MORRIS, Mr Montague Harold, Executive Director, Australian Logistics Council****DEEGAN, Mr Michael, Chairman, National Transport Commission****GILTINAN, Mr Phil, Acting Chief Executive Officer, National Transport Commission****MOORE, Mr Barry, Policy Director, National Transport Commission**

**CHAIR (Mr Neville)**—I declare open this public meeting of the House of Representatives Standing Committee on Transport and Regional Services inquiry into arterial road and rail systems and their interface with the ports. The committee is examining the capacity of regional transport networks to meet the challenge of Australia's growing freight task. This is the 29th and final hearing of an extensive program conducted since the inquiry commenced in March. The committee has sought and received information from a wide cross-section of organisations and individuals about Australia's current road, rail and port operations and supporting infrastructure and options for improving the efficiency of the port network.

I welcome representatives of the National Transport Commission and the Australian Logistics Council. Although we are not going to ask you to give evidence on oath, I have to bring it to your attention that these are proceedings of the federal parliament and warrant the same respect as attaches to the House of Representatives itself. The giving of false or misleading evidence is a serious matter and can be considered to be a contempt of the parliament. I now invite you to make an opening statement.

**Mr Deegan**—Earlier in the year, the National Transport Commission released a major piece of research work that we have done on the freight task that faces this country. In the next 10, 15 or 20 years the task will continue to increase at an exponential rate—and it will double in the next 10 or 15 years. That creates major challenges for our country which the dual committee has been looking at. The focus of the National Transport Commission has been regulatory reform, particularly in road and rail. Connections into port and some of the issues to do with capacity are more the features of government agencies and groups like the Australian Logistics Council.

We have looked at continuing the regulatory reform. It is an arduous task to have nine jurisdictions involved in trying to bring together one form of regulation so that industry, as they cross borders, know the rules on height, weight, safety, productivity and a whole host of areas. We are continuing with that reform, particularly on performance standards. We want to turn truck and rail into a performance outcome approach rather than the prescriptive approach that has been there for years. If you go through Marulan, Kalgoorlie or other parts of the country in a truck, you have different rules applying as you cross different borders. We have been working for a number of years to try and have a national standard. As we move more to the performance based approach, we think there is more potential for changing the way the country works—and there have been a number of examples of that more recently.

The performance based approach deals with what you can manage on the truck, or on rail, to do things differently. It is based not just around the tape measure and what the vehicle might look like but how the vehicle can perform and how to increase the payload, which is what industry is looking for. Our role is to assist it in that task while at the same time seeking a deeper and continuing focus on safety. Our papers talk about that. There are some tricky issues, not the least of which is pricing. The jurisdictions that are building the roads want a return on those roads from the transport industry, which is using them. The industry, of course, wants to make sure it is paying a fair and reasonable price rather than something it thinks is too high. Part of the role of the National Transport Commission has been to make recommendations on pricing issues to governments, which at times have decided not to take that advice and have taken a different course. You would be aware that there is currently a Productivity Commission inquiry looking at road and rail pricing, which I think is due to report to the Commonwealth by the end of the year. So that is where we are at. We are very keen to engage with the committee and do whatever we can to help you in your important work.

**Mr Backman**—The Australian Logistics Council was formed around four years ago—and I have seen the papers that have been distributed. It is a partnership between all Australian governments and senior industry leaders and it focuses on efficiency in delivery and logistics. It includes chairmen and CEOs from major freight logistics companies across the four modes of road, rail, sea and air, as well as from all stages of the logistics supply chain. Its influence covers domestic and, increasingly, international issues, and it is jointly funded by governments and industry—and I stress that.

Among the many priorities are having the right infrastructure; having capable people in our industry—there are incredible shortages in all sectors but particularly in ours; streamlining rules and regulations; and, most importantly, understanding the future of transport logistics in Australia. I will now hand over to our executive director to fill in some of the details of these priorities.

**Mr Morris**—We have also circulated this report, *Infrastructure action agenda*, which we recently published. It has four priorities for infrastructure. The significance of the report is that, we believe, for the first time we have pulled together senior people from all four transport modes and from all parts of the supply chain, done the research and asked them what their priorities are. There are four priorities. The first priority is fixing the rail system. We asked, ‘Of all the things that could be done, where is the biggest bang for the buck in terms of potential return?’ The view was that rail was No. 1. It is not that roads are not important—other modes are important—but rail was No. 1.

**CHAIR**—Is that freight rail or all rail?

**Mr Morris**—Freight rail. The second priority that was identified, from an infrastructure perspective, was the issue of access to airports, ports and intermodal facilities. That is about preservation of corridors, about making sure that the regulatory arrangements—land use, planning et cetera—are all lined up. That is all detailed in the report.

The third priority was planning and recognising that, particularly at the state level, there is patchy performance at the moment on integrated planning to support freight logistics. Some states and areas are doing it well; others are absent. We would point particularly to the recent

New South Wales state plan, which has no mention of freight logistics in it, other than as one of the environmental initiatives on the last page of the plan. We would point to that as a concern for us and we want to work with governments to try to solve this kind of planning issue where we believe that it is not working. Some states are doing it though.

The fourth priority identified in this report, which is why we are happy to be appearing today with the National Transport Commission, is the need for consistency of regulation. There was a concern at the senior industry level that infrastructure investment alone clearly is not enough. It needs to be matched with smoothing of regulatory arrangements so that the users can take advantage of the infrastructure expenditure. One part of that is the operational, if you like, style of regulation, safety, occupational health and safety, mass et cetera. The other is the tension that continues to exist between competition policy, the economic regulation and the requirement to increasingly collaborate and communicate along the supply chain. Even if that is not real—that is, even if the ACCC is not going to stop that kind of conversation—there is a perception in the industry that this area is fraught and that people shy away from the types of collaboration and communication necessary to drive improvements in efficiency. Those are the four priorities.

**Mr Backman**—I will summarise the recommendations we bring to this meeting. We offer a partnership with industry in driving improvements in efficiency and capacity on three bases: a supply chain—we have done some work on that—a major route area or simply areas of national logistics significance. No. 2, we are extremely committed to working with the NTC to achieve what we call light-handed and nationally consistent regulations—sadly lacking at the moment. No. 3, we seek urgent, decisive government action to implement these national priorities, because we believe that without it logistics will be holding back our country's development.

**CHAIR**—Thank you for that. It is a bit hard to know where to start with this. I will start with you, Mr Backman. Stepping away from your generic overview, what are some of the logistical tasks that you can see are most urgent for Australia? If you were writing this report, as we are now, after over 18 months of going all over the country—we have been from Mackay and Gladstone right around to the south-west of Western Australia and up to Darwin, and we have seen a lot of railway lines and roads and, particularly, ports—where would you see the hotspots in logistic failings? And you can identify them if you like—identify them by location as well.

**Mr Backman**—First, and in particular, there is the need to have a much more unified and consistently regulated rail system in the country. The NTC have talked about getting B-triples on the road, which is most essential as well. But to meet the freight task I believe we must have a much improved rail system which averts the current circumstance where it is 40 hours to Brisbane by rail but 24 hours by road. We really need to get all parties to have a unified approach to solving the rail issue. Industry has already expressed its desire, in the little executive summary we have seen, to participate in a scheme for the north-south rail and inland rail areas. Obviously they want some government backing as well. But we will not meet the task unless we really improve the rail system on a much more efficient and deliberate basis. For instance, it is just incomprehensible that we can cope with the way the north-south rail line exists at the moment, with all nine authorities and the hold-ups and the delays and those sorts of things.

The second point is clearly making sure we have got people to cope with this enormous growth in 15 to 20 years. Remember, it is nine per cent of our GDP. People tend to forget it is a

real artery of the economy. And whilst it is invisible, it is probably a case of: the more invisible it is, the better, because the task is being done. But at the moment it just needs so many scenarios.

The third thing is the focus I mentioned in recommendations to have the ability to coordinate all the players. We have done this recently with the retail code of conduct which is being launched next month. We have got all the users along the supply chain—the providers of products, the providers of transport and the end users—and put all these people together in a room as an independent body. So we now have a national code of conduct being signed off and launched in November, which covers most of the chain of responsibility issues and gives much better governance. It is committed to by all parties and will be a part of doing business with any of the players involved.

**CHAIR**—Does that go down to the matter that we discussed in an earlier report of ours called *Beyond the midnight oil*? Does that cover the circumstance of trucks being held up in loading and unloading at warehouses and supermarkets, where someone has driven for 14 or 15 hours—so half the Sydney-Brisbane trip—and then they find they are held up for another two, three or four hours trying to get unloaded? While it might be passive work, it is still work and extends the day of a driver by another three or four hours. Are those sorts of things being tackled?

**Mr Backman**—Yes, very clearly. It embraces the total task, involves all the players and clearly addresses those issues. It is a two-page code of conduct, but each DC—each company—will have its own responsibility matrix. That matrix will be clearly stated and will have sanctions and an audit process. We as the ALC will be the people independently overseeing those scenarios. So it is a total commitment from both parties—not just one: both—in fact, all.

**CHAIR**—Have you seen the latest report on the north-south railway—the inland railway?

**Mr Backman**—No, not the total report—only a brief.

**CHAIR**—Do you have a view on what route should be adopted?

**Mr Backman**—I think Hal has some statistics that probably handle that, but basically we believe that the inland rail is probably the better one.

**CHAIR**—The one that is further inland?

**Mr Backman**—Yes.

#### **Proceedings suspended from 9.52 am to 10.15 am**

**CHAIR**—Now, where were we? I think we were asking a question on what your priorities were, not generically but in terms of specifics, and you cited the inland rail.

**Mr Backman**—And you asked me a question on which route I preferred.

**CHAIR**—And you said the western one.

**Mr Backman**—No, there were about six or seven; it was one of the western ones, but we have not got a specific view on which one. I guess one of the things that is attached to my wish list is that we would like to be the group facilitating all the players to get these seven options—or eight options, whatever it might be—into one that is viable and acceptable for all parties. I think that is an absolute priority. Although some wonderful work has been done, we now need to take it and get something positive out of it, and we see a very clear role in that. The next one would be permitting the use of B-triples, on the Hume Highway specifically, to alleviate this freight task. And, allied to that—

**CHAIR**—From where to where?

**Mr Backman**—From Melbourne, following the highway.

**CHAIR**—The point is that road trains are usually stopped 40 or 50 kilometres out of the centre of a major city. Would you propose that they could go right into those cities?

**Mr Backman**—No. There is a codicil, if you like, attached to that wish, and that is that there is a greater development of intermodal facilities which would mean that, whether people carted freight by road or rail, there would be intermodal facilities where that freight could be unloaded and then redistributed according to the current mode—

**CHAIR**—So you—

**Mr Backman**—The two things go together—one is a corollary of the other.

**CHAIR**—I do not want to anticipate my colleagues but we need to talk about freight hubs. We have looked at all the ports and we have found that, at all the ports—though no two are the same—there is an infrastructure shortfall of about \$70 million to \$80 million in each. How do we address that? Is that your perception of the access to the ports? Have you picked up on that in any of your studies—that there are bottlenecks in getting into our ports?

**Mr Morris**—In the back of this report there are three case studies. One of them is on the intermodal facilities in Australia. It goes through port by port, and it talks about the inadequacies at each port. As you have already said, it varies, depending on the port. But we have found, overall, that the capacity of the ports is about what we need now. Our fear is that, as the demand for freight increases, and continues to grow faster than GDP, we are in a situation where we are going to fall behind, particularly where those ports are co-located with airports. We are particularly worried about the Sydney-Botany complex, access to that port area being as critical as the facilities on the port itself. It is self-evident that you could have the best port in the world but unless you can get to it you have a major problem, and that is as much a problem as the port infrastructure itself. But the detail, port by port, is in the report.

**Mr SCHULTZ**—I want to take you in a different direction. Whilst we have heard considerable evidence about infrastructure problems at ports, as the chairman quite rightly pointed out, and pros and cons about the inland rail route et cetera, we have also heard evidence about the serious shortage of trained drivers on large articulated vehicles. Recently, I have heard significant comment about the lack of trained train operators. How do you see that problem in the short term and the long term in terms of the talk in the industry, right across the nation, about

changing things to make our transport facilities more efficient and speedier? How do they go together? I suppose I am asking the question: has there been any forward planning in recognition that we have a serious problem with the people to drive the vehicles that we need to have in the system to improve it?

**Mr Morris**—I will answer that in four parts. One, we do not have the data at this point; we are scrambling to get it not only for HR but right across the board. Our industry level data is virtually nonexistent. ALC has done a lot of work over the last 12 to 18 months to try to remedy that, so that is work in progress. So the first part of the answer is that we do not know, and I guess that is an embarrassing admission on behalf of industry that we need to sort that out. Part 2, though, is that we are not waiting around until this problem hits us. The anecdotal reports are clear that this is a problem for a number of our members and so we have got busy in a couple of ways. We have had an activity this year for the first time to pull together all of the players in freight logistics and to start to have an industry level presence at career fairs, expos and so on right around Australia, in every state and territory except the Northern Territory. The Northern Territory did not want it; because they want to poach people from other states and draw them to the Northern Territory they did not want us to go there. So that has occurred and that has been about not presenting the industry as individual road, rail, air or sea operators but as a dynamic, coordinated, freight logistics industry with a lot of opportunities. Previously, the freight logistics industry did not exist in a coordinated way, so at the point where kids are making career decisions we were absent.

The final part of the answer that I would offer is that we are also looking at industry branding, recognising that the industry has an image problem. We have done some research in Queensland which identified that the basic image schoolkids have of the freight logistics industry is an overweight truckie with a blue singlet and tattoos, driving long hours through the night away from his home.

**Mr SCHULTZ**—High on drugs.

**Mr Morris**—I was not going to mention that. That is the image.

**Mr SCHULTZ**—I had a bloke pass me at 125 kilometres an hour the other night.

**Mr Moore**—Did you get his plates?

**Mr SCHULTZ**—I did. I radioed it down the road. He got pinged.

**Mr Morris**—We are now working on industry branding, which sounds a bit PRish and I suppose it is. It is about trying to identify what kids would find attractive about this industry, being really clear on that. One of the things, for example, that we have identified and been told by the researchers is that you need a two-letter acronym for the industry like HR or IT. You need something that can be texted on a phone. They are recommending to us that we call ourselves T&L being transport and logistics and then have a whole lot of branding, in a similar way that engineers or CPAs have branded themselves and so on. We will be rolling that out over the next three to six months. We are not standing still doing nothing. Yes, it is a problem and my first point was that we do not know how big the problem is.

**Mr SCHULTZ**—You talked about redistribution centres. There are a significant number of redistribution centres, particularly in the retail area. There is a huge one being built, or doubled or tripled in size, at Goulburn. How do you feel that is going to assist the significant problem that you have in places like Sydney? Is it going to take the pressure off the bottlenecks that are created in Sydney or is it going to compound the problem? Have you done any work in relation to that particular issue?

**Mr Morris**—We believe that the key impact that that is going to have is a change in the vehicle mix. The larger vehicles will travel between urban centres and from manufacturing through to the distribution centres and then smaller distribution trucks will move in and out of the cities. Another issue to mention on that is that some of our members are talking about whether they have distribution centres at all in Australia or whether the model is something different—that is, perhaps have a distribution centre in Shanghai, pull all your products together offshore and then bring them in in store lots rather than in generic palettes or container lots internationally. There are a couple of models there that I think need to be thought through. To that end, we have started a development process, which we signed off on in Canberra on 25 August, where we are looking at exactly those kinds of questions, which are: what are the possible options for futures like intermodal distribution, what does that mean from a technology perspective, from an investment perspective and then what are the infrastructure requirements? We will have that information in about six months time.

**Mr SCHULTZ**—I have a question centred on rail. There has been a great deal of enthusiastic pushing, both of a political nature and otherwise, for the inland rail system. I have been critical of the fact that we are going down there and talking about spending billions of dollars on that route—and I do not have any problems with the reasons behind that—in an environment where we have not yet fixed up the north-south line. We have sections of the north-south line that were built during the steam train era. We are fixing the signalling set-up and the rail set-up by putting concrete sleepers in, but in between where we are fixing it we have all of these gaps. The example that I raised the other day was the loop at Bethungra. It costs about 15 or 20 minutes of time for a freight train to go around the loop, when we should be going through it or over it with the power we have got in our diesels today. Should we be fixing the north-south route before we contemplate a new route?

**CHAIR**—Feel free to comment on this at any time, by the way.

**Mr Morris**—I think the answer is both. I know that is a financial impost, but we need both routes. You would be aware of the figures: 19 per cent is the latest figure I have for Sydney-Brisbane; 21 per cent for Melbourne-Brisbane. On any international evaluation, the Melbourne-Brisbane route is of a length and has sufficient freight volumes to warrant a significant rail investment and a significant rail corridor that does a lot better than 20 per cent of the land modal split. Even if you fixed the coastal route, it is still not going to be sufficient to get the kind of figure, 70 per cent or 80 per cent, that we are currently achieving in the system east-west through to Perth. We are going to need both. We are also going to need the trucking system to operate at peak efficiency as well. This is not a road versus rail view; we need both modes, and coastal shipping, all working flat chat to respond effectively to this growth that we are staring down.

**CHAIR**—Do you want to comment on that, Mr Deegan?

**Mr Deegan**—Given the size of the task, my concern would be that your committee consider the urgency of these particular issues. The issues you have raised have been discussed for a long time. It has been blindingly obvious to a lot of people that there is clearly a training requirement and for attraction to this industry. There are people in Sydney and Melbourne and Perth trying to attract young men and women out of school into the transport and logistics industry now. They are literally out there today, competing against those who will want to be doctors and engineers and other things. There are signs, but it is coming too late.

On the rail issue, where do you spend your money? If you have got a dollar, where do you get your best impact? If ARTC are going to take three to six years to get the communications system in from Melbourne to Brisbane and not sort out how to get through Sydney—not through their own fault—then we have got the urgency of trying to get the freight in and out of Sydney already. This is an east coast view; I will come to the other ports in a moment.

The intermodal facilities that are being discussed—Goulburn does not hook up with rail; it is not on the railway line and there are probably some good reasons for that—by particular private sector operators are at Ingleburn and Picton. There is a discussion going on between the Commonwealth and the state about a major intermodal facility at Moorebank, which would give an opportunity for rail to pull in, load and unload and then distribute from there in and out of Sydney. As for the southern Sydney freight line—which still does not have planning approval and yet it is essential and should have been built years ago—there are meetings on today trying to get that moving. They are the sorts of things that are crying out to be resolved and be moved on.

In Melbourne, the Commonwealth and Victoria, I think in a very mature approach, agreed a couple of years ago to build the Dynon Road interchange to fix up that intersection. That work I think is about to start. I am not going to go into the issues you have looked at down there about the channel deepening. If you are going to get the ships in, you have to have a deep enough port. Then there are the sorts of debates that have gone on in Queensland about access for coal and the infrastructure charging arrangements that the port owner wants to get people in and out.

I spoke earlier to your research officer about the success stories around the Newcastle coal chain, where not a lot of money was spent but where having people sitting down and working together to get a result has made a huge difference. That is just a great success story that I think is worth championing elsewhere. We need that sort of approach in terms of the urgency and coordination in at least the eastern state ports—Sydney, Melbourne, Brisbane, and a little bit in Port Kembla. There are some issues in Newcastle about intermodal. Then you need to see, as you have done, the issues particularly in Fremantle—where the blockages may be today but also what they will be in the next 10 years—and to try to get ahead of the game so they do not leave themselves in the position that we in the eastern states are in. They are some of the big picture issues.

Every dollar spent on rail will give a return, but will it be quick enough? There are certainly concerns that ARTC have taken on a lot and whether they have enough funding to do all that work and whether they have the right people in terms of recruiting the sorts of specialists they need. We deal with it from a regulatory perspective. Rail safety is part of what the National Transport Commission does. With the cooperation of the states and the Commonwealth we have brought through new model legislation to try to get over a lot of hurdles coming from nine

different systems dealing with safety issues. That comes to signalling and some of the other approaches, but there are still different people who want to do different things. All we need is people to agree to go with one particular national model—make sure we have got the right one, but let us get on with it.

**Mr SCHULTZ**—I asked the question with regard to the train drivers and the lorry drivers in the context of me chairing another committee which has just finished taking evidence on skill shortages throughout Australia. I am not aware of any significant contribution by your industry to the skill shortages of transport operators.

**Mr Deegan**—I would like to do something very quickly to rectify that. There is a group who are members of the Australian Logistics Council in the Transport Logistics Centre in Sydney who are doing a huge amount of work in the area. I will make sure they send you some material.

**Dr JENSEN**—You are speaking about intermodal—for instance, both ends of the Hume Highway. One of the problems obviously is going from these intermodal hubs to the ports. Have you identified the routes and what is required in terms of those routes to ensure adequate capacity? For instance, Mr Deegan was mentioning the issue with Fremantle. A significant issue there is that the state government has decided to delete Roe Highway stage 8 and the Fremantle Eastern Bypass, which was going to provide an adequate arterial going to Fremantle. I have not seen an adequate proposal to alleviate the situation that we have now. What do we do about situations like that where these necessary reserves of land to develop these arterials are deleted? Have you identified in each of these major cities what is required in terms of reserves and development of arterials to adequately service the ports, particularly in terms of road?

**Mr Morris**—We have not. The priorities in our infrastructure report identify that this work is patchy, that in some states this work is done—it is done for Victoria and it is done for Queensland, particularly in the south-east corner. The point is that it varies state by state. What we are doing in this report is calling on state governments to complete that integrated planning where it has not been done. But, no, we have not done that planning.

**Mr Deegan**—I think part of the approach adopted by the Commonwealth with their AusLink program and the current corridor studies that are underway details the sorts of issues in a national sense of what the priorities must be. I do not have a particular answer to that section of road, but those corridor studies will identify what the priorities are and where they should be. They are being done in each state. I think they are well advanced. I think there are 18 corridor studies, roughly, and I think we have already completed about half of those. At least four or five of those have been published already. They are the sorts of issues that come in.

The Commonwealth and the states would say: ‘We’ve agreed on this corridor strategy. Here’s where the money needs to go to get the best result.’ This does not strictly come under our purview, but one of the issues that drives the ports crazy is the issue of empty containers. We have not sat down and worked out what to do with empty containers. We move a lot of empty containers, and they take up a lot of shipping space and area. Another issue is the use of information technology and ways we can scan in and out of ports to get more effective loading and unloading. We need to make that quicker so that both the truck and the land area are used better and the loading and unloading of ships and/or trains is more advanced. We see those sorts of things in Port Botany and other ports.

There are a lot of non-capital intensive items that can be sorted out if people sit down and try to work through them. But there needs to be the will to do it. Indeed, there is the potential for industrial rationalisation. What is the future of a freight forwarder? The Corrigan model was a very different approach to how you might integrate your transport.

**Dr JENSEN**—Do you have any idea about how we can best get states and so on involved in this so that we do not come up with Mickey Mouse solutions like we have in the situation of Fremantle port?

**Mr Deegan**—Particularly referring to that, the work of AusLink is a big step forward in getting these corridor strategies together and linking Commonwealth and state funding to those outcomes. They are looking at what freight they will move. The more that the states and the Commonwealth can cooperate on those the better. The model that has been adopted has been very positive. States will have their own sets of priorities on issues—that is a fact that we deal with every day. We deal with the regulatory reform side, and there will be a state that says: ‘No, we don’t want to go that way. We understand the arguments for national harmonisation, but we’ve got our particular interests that we want to protect.’ That is the beauty of a federal system. No doubt you can sort that out; we cannot. There are those sorts of things.

In terms of land reservation more generally, the corridor strategy will identify more of this. Melbourne has done a lot of work on identifying what it needs to do about access in and out of the port and about dealing with issues such as empty containers, what space they need, the Dynon Road extension and some other infrastructure works agreed with the Commonwealth and which are jointly funded. The Sydney southern freight line will go a long way to making rail work between Sydney and Melbourne a lot better and will take some of the load off the trucks. The Sydney Port Corporation has nominated a number of intermodal facilities in addition to the ones we mentioned earlier. I am not quite sure about the status of Enfield, but there are possibilities there.

You may have had the opportunity to go up in a semitrailer from Sydney to Brisbane at night. You are going really well—apart from the rest areas issue—until you get to the Gold Coast. You are running out of time, you are tired and you want to get to your depot and then you hit the traffic of Brisbane at five o’clock in the morning. They are the sorts of issues that cry out for a different approach to intermodal facilities. The congestion continues to get worse. That requires a long-term planning spectrum. Where do we want to have this land? Who is going to buy it? Where can we get the best deal? How will that happen? Similarly, with the arterial road issues that you have had, in other states they have reserved areas and then sold them down the track thinking that maybe they have a different idea.

**CHAIR**—While you are answering this, what would be your solution? What would you recommend to us? If you want to use as an example that Sydney to Brisbane corridor through the Gold Coast, how would you handle that?

**Mr Deegan**—The corridor strategy under AusLink is the right step. Identifying those—

**CHAIR**—Getting into the specifics, where would you put it? Where do you think it needs to go? Does it need to go somewhere between the Gold Coast and Bromelton or Rathdowney, that other place where they were going to have a hub?

**Mr Deegan**—I do not want to nominate a particular site because I do not have expertise in Brisbane.

**CHAIR**—I see.

**Mr Deegan**—But I have experienced the problem at the front of the truck. There is a need for a solution to that. How that is best managed will come out of the corridor studies. Has the Commonwealth department presented their corridor strategies at all or spoken with you about what they are doing? It might be worth having a look at those.

**Mr HAASE**—I am interested to pursue some answers to the issue of the creation of a national body—and I confess to being a little confused. We have the National Transport Commission, the Australian Logistics Council, AusLink and a COAG body that debates the issue of the transport task. There have been recommendations that a national body should be formed to consider the implementation of infrastructure planning and so forth. COAG noted in its national reform agenda that the exports and infrastructure task force recommended the establishment of a one-stop shop for significant development projects. It suggested that there should be one in each jurisdiction by June 2006. I would like your input into that whole question of the necessity for a national body, what it would look like and what task it would undertake that is not being done by existing national bodies. Why aren't the existing bodies simply amalgamating and tackling the problem of the total task rather than looking at particular facets of it?

**Mr Deegan**—Perhaps I can start with some of the history of what is now the National Transport Commission. The National Road Transport Commission was established in 1991 to try and harmonise road regulation across the country and look at some road pricing issues. A review of the NRTC completed in about 2002 made a recommendation to turn it into the National Transport Commission to deal with road and rail regulation. It does not deal with infrastructure planning or funding. A recommendation came out of that review of the National Road Transport Commission to create a National Transport Advisory Council. Governments had different views on whether that would work. We are currently at the stage where the National Transport Commission simply deals with the regulatory issues that it has—Ivan can talk more generally about the Logistics Council.

Through AusLink, the Commonwealth has taken the very different approach of providing money to the states for particular funding projects. It is now taking a more coordinated strategic approach, and I think it may have taken up some of the gaps that were there from not having a national body dealing with land transport planning. That said, these things are never perfect, but I think the Commonwealth has taken a pretty major step in that approach.

The states themselves have their own problems about getting their planning together. Some states are better than others, but I do not want to dob in anyone in particular. The sort of issue we find continually is that there will be a review of a national approach and you will get eight of the nine jurisdictions agreeing and one disagreeing. We need to continue the focus on getting a national approach. Ivan might have some comments to make.

**Mr HAASE**—Would you see a national body using a stick or a carrot? Given that there is the problem of a lack of cooperation from the states from time to time, would a national body solve the problem of developing strategies by using a stick on the states, or would you imagine it being

such a competent body of intellect that it would simply convince the states that cooperation was necessary?

**Mr Deegan**—I think the history has been that the states have different priorities, not necessarily that there has been a lack of cooperation—or the Commonwealth at times had different priorities. For any such body to be effective, that would be the golden rule. The Commonwealth have the money and they have gained the greatest cooperation when they have been able to help fund a particular outcome. A body that is simply an independent advisory body on planning and infrastructure issues, without the money, would be a difficult task. The Commonwealth have the opportunity to continue the work they are doing under AusLink.

**Mr Backman**—The ALC, as we call it, was formed four years ago. It had a bit of a federal bias, I suppose. It was formed by the Deputy Prime Minister to create and implement the Australian Logistics Industry Strategy, the ALIS. It has a lot of objectives, and we have focused on a few. It is meant to be an advisory board on logistics matters of national significance. We are now comprised—taking your point—of all the peak bodies. We have all the state freight councils. We have all of those involved in the whole logistics supply chain from providers to users. As the time has gone on we have got some credibility and respect from achieving things. It has been a conduit of opinion—that is the best way to describe it—to advise governments, plural. State governments are now taking notice more and more that we are not biased. In fact we speak nationally. The problem I have in terms of a ‘stick’ approach is that we can certainly convince, cajole and spend a lot of time and research backing up scenarios but in the end we do not possess the stick, which is the money. There will always be self-interest or state interest against the national whole, albeit working closely together. We attempted to put a scenario forward in Queensland with the Gladstone rail link. We said, ‘Well, why don’t we have concrete sleepers so that you can have either/or?’ The response was: ‘Yes, what a great idea. But the Commonwealth has to pay for it.’

**CHAIR**—You are talking about having dual gauge?

**Mr Backman**—Yes, a dual gauge. So the response was that the Commonwealth would have to pay for it. That is another problem to overcome. It is something that we try very hard on. As we get more credibility we are getting this greater acceptance and we are getting a very good cross-flow.

**CHAIR**—Well, \$146 million is not that much money, when you are building a whole new train line, just to take it up to two gauges.

**Mr HAASE**—Why haven’t we had such a national body thus far? Why are we still talking about the creation of it at this stage of our maturity as a nation?

**Mr Deegan**—Let me perhaps take two different views. The defined interstate rail network, which is effectively from Perth nearly into Brisbane, is now controlled by a Commonwealth government business enterprise, the Australian Rail Track Corporation.

**CHAIR**—Except for Queensland.

**Mr Deegan**—Except for parts further on.

**CHAIR**—It virtually stops at the border, doesn't it?

**Mr Deegan**—Yes, it virtually stops at the border.

**CHAIR**—Which is a pity.

**Mr Deegan**—There is not the same arrangement in road. Historically, the road maintainers and owners within the jurisdictions have maintained that they will look after the whole of the network, including the major routes between Sydney and Melbourne, Sydney and Brisbane, and to Adelaide and all points west. So there has been that very strong parochial state body boast historically, that they would look after the roads. The National Transport Commission was formed because they continued to have problems with a heavy truck wanting to get from one state to another but facing a whole host of different rules. You would have to take some load off; you would have to put some load on; you would have to change your tyres; you would have to do all sorts of things. There has been the gauge problem that we have had in rail historically. So those things have been brought together. I think that the two big improvements have been turning the National Transport Commission into a body looking after road and rail regulation, which has been a very positive step, and AusLink has been a very positive step. Clearly the committee is looking for the next big institutional change that might take the country forward in the task that we have.

**Mr HAASE**—I should have asked earlier: do you or do you not agree that we ought to have such a national, coordinated body overarching all the infrastructure planning with regard to the freight task? Do you think that we should or that we should not?

**Mr Deegan**—That is a difficult question to answer because we are a regulatory body.

**CHAIR**—We have about 7½ minutes left and we have to get three questions on the record. One of them refers to this—you are talking about an overarching body. I would like to throw one more question into that mix. We find when we deal with the states that when the Commonwealth money becomes available the preplanning has not taken place in the states. Invariably the states come back for another half a million or a million dollars for a study.

Here is the dough, ready to be spent and the plans are not on the shelves in some of the state governments. I had a couple in my electorate that had taken 4½ years to get the port connector road in Gladstone built from when Mark Vaile, the then transport minister, promised it until the work actually started. The problem was that the state government (a) would not put their dough in and (b) had not got their planning right. Part of Barry's question is: if we do have an overarching body, what influence should it have in making sure the states have their priorities ready as Commonwealth funding becomes ready?

**Mr Deegan**—I will take that question first and then lead in to the second question which is more difficult for me because I keep being told by the ministers I report to that our body is to deal with regulation, not policy. Part of the approach under AusLink is to try and rectify that very problem which is: here are our priorities, what planning do we need to do to get it organised so that the state body responsible for coordinating its construction can then get on with it? There is a lot of work to get all of that to happen. It includes things like the contracting strategy. You may have your plans ready to go and then you go through an enormously long and costly tender

process. One of the issues about building infrastructure is that we still stick to such a tight contractual model. They are issues for others to deal with but there is a growing prevalence of the alliance contractual model.

**CHAIR**—But it is an impediment.

**Mr Deegan**—It is an impediment. We can say: ‘We need to build this port link into the port, what are the issues we need to deal with? We need planning, we need a contractor, we need all sorts of things to happen, including the funding. You and your government provide the funding, here’s the planning through the corridor model. Here’s our contractual strategy to deal with it, let’s get on with it.’ We could save ourselves a lot of time and money and get on and do other things, including potentially roads elsewhere, if the country took that holistic approach based on what AusLink was trying to do with its overall planning strategy to avoid the sorts of problems that you have faced. No doubt the minister at the time was very frustrated that it took so long to get in. With respect to the issue of a national body, there is a lot happening and moving; will another institution have the opportunities to do the sorts of things that we are discussing? It really does relate back to the funding. That is the key and the Commonwealth have a large role in that.

**CHAIR**—Would you like to give us a couple of pages on that and you too, Mr Backman, emphasising that preplanning phase? That is just my personal observation. Minister Truss said to me the other day that Queensland has underspent its Commonwealth allocations because it is not getting on with the jobs in time or it cannot keep the momentum up on the jobs. I do not say that to criticise the state but rather to illustrate the point that the Commonwealth has the dough on the table but it is not being spent within the time frames. I imagine that comes back to this preplanning business.

**Mr Deegan**—It is the preplanning and how you manage it. Particularly in Queensland at the moment, there is so much work on. The Queensland government have a lot of rail work both in Brisbane and elsewhere. They have gone to an alliance contract for their metropolitan rail system because they have not got the time to go through the full tender. The alliance has a lot of benefits as well. The issue in Queensland is the limited number of workers. There is an expertise issue about how many people we can throw at all these various jobs and then say: ‘We have so much on. What are the alternative strategies for dealing with the outcomes you, as Commonwealth members of parliament, want to see on the ground?’

**CHAIR**—I am going to have to put another question on notice to you. We had evidence last week that across Europe there are very few articulated vehicles with freight on the roads beyond the simple semitrailer. There are very few B-doubles and even fewer triples. In one of your papers you were suggesting triples—

**Mr Backman**—You suggested it; we support it.

**CHAIR**—Could each of you give us a paper on your rationale for that and how you answer the problems of bridge capacity, damage to roads, the logistics of getting into the capital cities and the larger provincials? What is the basic rationale? Certainly, Europe is going the other way to single truck movements. I would like a paper on that on the record. In the NTC report, you

recommend an examination of an increase in the use of air freight, but you make no comment about sea freight. Could you each give us a quick grab on that?

**Mr Backman**—Clearly, sea freight has gone from silos, to modes, to logistics—that has been the evolution of this. That is why we very strongly support the development of sea freight. It is 30 per cent of our freight task at the moment. We strongly support the development of coastal domestic freight.

**CHAIR**—By air or by sea?

**Mr Backman**—By sea. Air freight's part in this has a limited and specialised nature, but it is increasing.

**Mr Deegan**—Europe has a very different historical base. Rail works very differently there because of volume and short distances. It is a different beast.

**CHAIR**—Is it the wish of the committee that the National Transport Commission slides, the Australian Logistics Council slides, the NTC information bulletin July 2006 and 'Twice the task' briefing sheet be accepted as evidence? There being no objection, it is so ordered.

Resolved (on motion by **Dr Jensen**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 10.57 am**