SAFC
South Australian Freight Council

Level 1, 296 St Vincent Street
PORT ADELAIDE SA 5015
[redacted]
admin@safreightcouncil.com.au
www.safreightcouncil.com.au

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Select Committee on Productivity in Australia
PO Box 6100
Parliament House
Canberra ACT 2600

Phone: +61 2 6277 3820
Email: productivity.sen@aph.gov.au
Submission by email:
https://www.aph.gov.au/Parliamentary_Business/Committees/OnlineSubmission

Submission re: Select Committee Inquiry into and Report on Productivity in Australia

I write regarding the inquiry by the Select Committee on Productivity in Australia and request for submissions.

The South Australian Freight Council (SAFC) is South Australia's peak, multi-modal freight and logistics industry group that advises all levels of government on industry related issues. SAFC represents road, rail, sea and air freight modes and operations, freight services users and assists the industry on issues relating to freight logistics across all modes.

Freight is an essential component for connecting goods and products, commodities, businesses and communities across Australia, if a business receives and stocks a good or product, then it comes in as a freight shipment. If a business provides goods or products, it then makes deliveries to customers as freight. SAFC advocates for improved heavy vehicle safety and productivity, including reducing the impact of state, territory and local government boundaries, and for the delivery of a more consistent and efficient regulatory regime.

SAFC provides comments on the Discussion paper, as follows:

How can fit-for-purpose freight infrastructure encourage productivity growth and economic dynamism?

In 2024 the South Australian Government developed a Freight and Supply Chain Strategy[1] to provide a vision for a commercial freight and supply chain network that is safe, productive and sustainable for the state. The development process included extensive consultation with industry leaders to ensure it reflected the diverse perspectives and needs of key stakeholders and industry sectors. The strategy focuses on reducing the cost and time associated with freight movements, enabling businesses to operate more efficiently, access broader markets, and adopt new technologies. Fundamentally, the strategy aims to align fit-for-purpose freight infrastructure with industry needs to support productivity growth and economic prosperity.

Examples taken from the strategy demonstrate how fit-for-purpose freight infrastructure encourages productivity growth and economic dynamism, as follows:

- Higher productivity vehicles (HPVs) generally refer to vehicles that exceed prescriptive dimensions or mass, and/or have been assessed and certified as PBS vehicles. HPVs may also have additional features (not mandated by PBS) and be fitted with telematics. HPVs reduce risk exposure for road users by requiring fewer heavy vehicles to move the same volume of freight, supporting lower fuel consumption and carbon emissions. This also reduces urban congestion, which costs the South Australian economy approximately $1.4 billion annually (p.27). The national road network infrastructure can directly influence HPV usage.
- Efficiently connecting road and rail freight with the Port of Adelaide and road freight connections to Adelaide Airport is critical for the state's exports. The major investment in the upgrade of the North-South Corridor will improve such connectivity by reducing congestion and improving travel efficiency with a 78-kilometre non-stop journey between Gawler and Old Noarlunga. So too will the Adelaide Airport's Airport East freight and logistics hub precinct. This will provide direct access to the Airport and major arterial routes, including the North-South Corridor. Making better use of existing infrastructure can also improve efficiency and the mode choices available. By improving the physical condition of the freight network, travel times and transport costs can be reduced (p.31). Intermodal, interstate, and international connectivity are enablers of improved productivity.

The strategy provides a basis for linkage into or between states and SAFC highlights the importance of alignment in infrastructure strategies to ensure maximum productivity benefits.

How has disrupted freight supply chains impacted Australia's infrastructure resilience?

'Resilience, particularly for fresh produce, can be achieved by shortening supply chains. This involves increasing the prevalence of producers supplying businesses that are in closer

[1] Department for Infrastructure, South Australia's Freight and Supply Chain Strategy June 2024

geographic proximity. These shorter supply chains therefore reduce the risk of shocks causing widespread disruption' (South Australia's Freight and Supply Chain Strategy, p.34)

Freight and transport productivity depends fundamentally on the protection of key freight infrastructure and corridors, without which the efficient movement of goods cannot be sustained. When residential housing is allowed to encroach on these strategic corridors, it inevitably introduces land use conflicts, such as noise complaints, traffic restrictions, reduced operating hours, and safety constraints that undermine the very purpose of land and air freight infrastructure. Over time, these pressures erode capacity, reliability, and efficiency, forcing costly operational workarounds and constraining future investment. By contrast, safeguarding freight corridors from incompatible development preserves their long-term functionality, enabling effective and efficient 24-hour operations, and provides certainty for industry and government planning. SAFC supports the protection of freight infrastructure from residential incursion. It is not a peripheral planning issue, but a prerequisite for achieving genuine, sustained productivity gains across the freight and transport system.

During times of emergency or adversity road managers need to have alternative freight routes to support supply chain readiness, responsiveness and resilience. SAFC supports item 6 in the National Heavy Vehicle Regulator (NHVR) Action Plan that NHVR intends to: 'Establish an enduring Emergency Access Notice which can be operationalised during declared disasters and managed in near-real time via the NHVR Portal and National Network Map', but we suggest Supply Chain Management (SCM) can achieve even more with the involvement of other freight modes.

A supply chain is a network or group of activities from upstream to downstream, including the purchasing, procurement, production, and distribution of the final product into the hands of consumers with the flow of materials, information, and finances[2]. SCM refers to 'the coordination of flows of services or material goods between the members of a defined network'.[3] SAFC urge consideration of wholistic SCM design for times of adversity, such as declared disasters to enable the utilisation of all or any road, rail, sea and air freight mode option. SCM design could include a measurement tool for assessing the supply chain readiness of the entire road network, both in the event of a local adversity to support SCM during an emergency, under s197 of the Heavy Vehicle National Law (HVNL) or in response required by the Federal Governments National Coordination Mechanism (NCM).

SAFC supports where consent to operate a heavy vehicle applies, the National Automated Access System (NAAS) to cater and respond in a timely and accurate manner. NAAS is intended to support road managers, including road authorities, local government and third parties, to make access decisions more efficiently, driving productivity and safety across state borders.

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[2] Chopra, Sunil & Meindl, Peter. (2002). Supply Chain Management. Strategy, Planning & Operation. 10.1007/978-3-8349-9320-5_22.
[3] LeMay, Stephen & Helms, Marilyn & Kimball, Bob & Mcmahon, Dave. (2017). Supply Chain Management: The Elusive Concept and Definition. The International Journal of Logistics Management. 28. 10.1108/IJLM-10-2016-0232.

NAAS must provide improved visibility for any potential permit applicant and clarity for everyone by way of a road 'notice' when a decision of permit refusal is made. The grounds for the refusal would be listed on the NAAS published notice and could be utilized to advance understanding of the next steps that can be taken to address the road managers' concerns.

SAFC understands that phase 2 of the NAAS rollout[4] to move beyond releases in Queensland and Tasmania has commenced and we recommend stronger commitment and faster action, as the initiative risks being a long and expensive undertaking that hinders any associated productivity gains.

Would harmonised freight and logistics regulations better support Australia's economy?

SAFC recognises there are inconsistencies between all levels of government that persist and there is still work to do to ensure seamless regulation and operations across borders and between different jurisdictions. SAFC believes a national policy consensus would improve productivity and create safer and more environmentally friendly outcomes.

Expanding heavy vehicle access on key freight corridors, including but not limited to the National Highway Network, presents a significant opportunity to deliver safety, productivity and environmental benefits through advances in vehicle technology. A harmonised HVNL, administered by the NHVR, must continue to support productivity outcomes, particularly through the Performance Based Standards (PBS) framework, which encourages innovation and the development of vehicle combinations tailored to specific freight tasks. Gazetting key sections of the network for higher levels of access will, in turn, enable improved 'first mile' access for adjacent industries such as livestock, food processing (including meat, dairy and grapes/wine), grain, hay and extractive minerals, as well as enhancing connectivity to rail and port terminals.

First-Last mile access generally describes the short distance to connect a business, farm or similar facility (a freight origin point) to a heavy vehicle route; and/or to connect the heavy vehicle route to a port, freight yard, rail intermodal terminal, silo or drop-off point (a freight destination point). Productivity issues arise when there is a mismatch between the freight vehicles allowed on a heavy vehicle freight corridor and the short section connecting an origin/destination point into that corridor. First-Last mile issues cause significant productivity losses. For example, a business adjacent to a double road train route, but the last mile to the site is not access approved, will cause a doubling of the travel distance using smaller heavy vehicles. 'Last mile' access in this instance can deliver fuel efficiency. There are also significant benefits in terms of safety, congestion and export competitiveness. The

[4] The Department of Infrastructure, Transport, Regional Development, Communications, Sport and the Arts, Statement on 5 November 2025—HVNL Steering Committee meeting (p.1)

road manager for the First-Last mile of most routes is usually the local government. SAFC encourages the road managers to provide pre-approvals for frequently used vehicle types and First-Last mile destinations.

However, in jurisdictions covered by HVNL, the NHVR Annual Report 2017-18 showed the number of heavy vehicle road access permit applications received by the NHVR and participating jurisdictions at around 65,000, reducing from more than 115,000 in 2013. NHVR's Annual Report 2022-23 shows 151,000 road access permit applications received[5]. Seemingly an escalation in permit applications. SAFC recommends more effort must be directed towards 'elimination of the permit burden' and encourage adoption of a principles-based approach to solve permit application problems and advance a more strategic approach in moving routes to gazette networks. Resulting ideally in reduced permit applications and turnaround times, and easing pressure from road managers, allowing them to better focus on access requests that are higher risk.

Decarbonisation is a challenge facing many countries that touch everyone. SAFC supports improving decarbonisation while maintaining freight productivity and believes it requires a pragmatic approach that recognises the differing abatement challenges across the sector.

In Australia, freight runs almost exclusively on fossil fuels, amounting to 21% of Australia's greenhouse gas emissions (GHG) in 2023. However, to achieve net zero emissions by 2050 with full decarbonization requiring substantial investment could lead to higher freight costs, raising concerns for SAFC's members and customers. To provide perspective on the transition, the average age of Heavy Rigid Trucks in 2021 was 15.9 years and Articulated Heavy Vehicles was 12.3 years. Most heavy vehicles over 4.5 tonnes gross vehicle mass are manufactured in overseas jurisdictions and imported into Australia. SAFC supports the use of financial incentive programs such as a tax effective 'Accelerated Depreciation' program for heavy vehicles to assist freight fleet replacement with fuel efficient engines or with new technologies including electric to lower total GHG emissions.

While many parts of the freight industry are actively pursuing carbon reduction strategies, not all freight tasks are equally abatable, particularly those servicing remote, regional and rural Australia, where long distances, limited infrastructure and low freight volumes constrain alternatives. We support measures such as shifting long-haul freight to rail where feasible and encouraging the development of a domestic sustainable aviation fuel industry, both of which can deliver meaningful emissions reductions without sacrificing efficiency. However, heavy vehicles remain essential to Australia's freight task, especially outside metropolitan areas.

Consequently, SAFC does not support the recent Productivity Commission Report Recommendation 1.3 (p.3) to phase out fuel tax credits (FTCs) for on road heavy vehicle

[5] NHVR Annual Report 2022-23, p.34

use[6]. Rural, regional and remote Australia remains heavily reliant on diesel fuel, reflecting both the absence of viable alternative fuels and the limited availability of supporting infrastructure. Fuel tax credits are not a barrier to the uptake of technologically advanced, lower-emissions heavy vehicles for regional transport providers, who typically face higher fuel costs than their metropolitan counterparts. Until commercially viable renewable fuel alternatives and associated infrastructure are established at scale, diesel will continue to underpin industry productivity and competitiveness, while supporting communities, businesses and essential services across regional Australia. In this context, fuel tax credits play an important role in helping to equalise the economic playing field for remote, rural and regional businesses.

SAFC encourages the realisation of the right incentives and necessary means to achieve decarbonisation of Australia's freight task. A balanced decarbonisation pathway must therefore allow the continued use of heavy vehicles while supporting innovation, investment and transition options.

In conclusion, freight moves goods and products; it is a connector and enabler for our economic success. SAFC believes affordable, reliable and sustainable freight is a must for all Australians.

Thank you once again for the opportunity to provide feedback on the Discussion paper published by the Select Committee on Productivity in Australia.

Yours sincerely,

Chief Executive Officer
South Australian Freight Council

[6]Productivity Commission 2025, Investing in cheaper, cleaner energy and the net zero transformation, Inquiry report no. 113, Canberra