

**Report of the House of Representatives Standing
Committee on Transport and Regional Services,
*The Great Freight Task: Is Australia's transport network
up to the challenge?***

Government Response

June 2010

House of Representatives Standing Committee on Transport and Regional Services report on *The Great Freight Task: Is Australia's transport network up to the challenge?*

Government Response

The House of Representatives Standing Committee on Transport and Regional Services inquiry *The Great Freight Task: Is Australia's transport network up to the challenge?* reported in July 2007. The Committee's terms of reference were to inquire into:

- 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.

Key Developments Since Publication of the Committee's Report

The Committee's Report was published in 2007; since that time, there has been a change of government, which has led to a significant number of changes in the freight policy context. Before considering each of the Committee's recommendations in detail, it is worth setting out some of the actions that the Government has taken since publication of the report, which are of direct relevance to the subject of the Committee's report and to many of the recommendations.

Infrastructure Australia

Infrastructure Australia was established under the *Infrastructure Australia Act 2008* to support a new, national approach to planning, funding and implementing the nation's future infrastructure needs.

In December 2008 Infrastructure Australia reported to the Council of Australian Governments (COAG) on its audit of the condition and adequacy of the nation's transport, water, energy and communications infrastructure.

In its May 2009 *National Infrastructure Priorities* report, Infrastructure Australia detailed the first National Priority List, a pipeline of projects to guide the long term investment decisions of both the public and private sectors. This informed allocations from the Building Australia Fund (BAF), which was announced in the 2008-09 Budget to provide a funding source for future investment in critical economic infrastructure in the transport, communications, energy and water sectors.

Infrastructure Australia, in conjunction with the National Transport Commission (NTC), is currently preparing a National Ports Strategy for COAG's consideration. Infrastructure Australia is also developing a National Freight Network Plan.

Nation Building Investment

The Australian Government is investing \$37 billion on land transport infrastructure through the Nation Building Program over the six year period from 2008-09 to 2013-14. This is an unprecedented level of investment by a Commonwealth Government in land transport. These investments will lower transport costs, tackle the rising cost of urban congestion, cut travel times, curb carbon emissions and save lives. Through the Nation Building agenda, the Government is planning for future economic and population needs and putting in place the building blocks of long term productivity growth.

The Department of Infrastructure, Transport, Regional Development and Local Government is delivering this investment through a range of road and rail programs and projects across the National Land Transport Network. The network is based on national and inter-regional land transport corridors that are of critical importance to national and regional growth.

There are several components under the Nation Building Program including National Network construction; National Network maintenance; Roads to Recovery; Black Spot; Heavy Vehicle Program; Off-Network projects; and Boom Gates for Rail Crossings.

To facilitate an efficient and consistent approach to environmental assessment of national transport infrastructure projects under the Nation Building and Economic Stimulus agenda, the Infrastructure Minister and Environment Minister established a time-limited inter-departmental working group. This group coordinated engagement and processes and developed an approach to assist state and territory governments to comply with Environmental Protection and Biodiversity Conservation Act requirements on infrastructure projects.

Council of Australian Governments (COAG)

In its December 2008 report to COAG, Infrastructure Australia identified that inadequate early planning and reservation of infrastructure corridors has resulted in the encroachment by housing developments or alternative land uses which in turn impacts on the timely planning and delivery of critical infrastructure. It noted that most of the identified planning problems stemmed from a failure to align planning processes along the three tiers of government. This issue is being addressed through COAG's commitment to microeconomic and regulatory reform which includes reform in major city strategic plans that incorporate clear provisions for long-term infrastructure needs.

In February 2009, COAG leaders:

"re-affirmed their strong commitment to microeconomic and regulatory reform, recognising that better regulation enhances Australia's productivity and international competitiveness, deepening the supply potential of the economy, driving its ability to adapt faster and raising the potential growth rate. Further to its National Partnership Agreement on a Seamless National Economy, COAG recognised that despite recent valuable reform, there remains considerable scope for further microeconomic reform in the following areas:

- *major city strategic plans that incorporate clear provisions for long-term infrastructure needs;*
- *planning reforms for individual infrastructure projects;*
- *regulation of export-related infrastructure; and*
- *reform of legal profession regulation.”*

In December 2009, COAG agreed to:

“reforms to ensure our capital cities are well placed to meet the challenges of the future. National criteria for capital city strategic planning systems will provide the platform to re-shape our capital cities. The criteria will ensure our cities have strong, transparent and long-term plans in place to manage population and economic growth; plans which will address climate change, improve housing affordability and tackle urban congestion. They will also:

- *provide for future-oriented and publicly available long-term strategic plans;*
- *be integrated across functions (for example, land-use, infrastructure and transport) and coordinated between all three levels of government;*
- *clearly identify priorities for future investment and policy effort by governments;*
- *provide for effective implementation arrangements and supporting mechanisms; and*
- *support and facilitate economic growth, population growth and demographic change.*

...COAG agreed that by 1 January 2012 all States will have in place plans that meet the criteria and noted that the Commonwealth will link future infrastructure funding decisions to meeting these criteria. These reforms will secure better outcomes from investments of all governments and they will strengthen public confidence in planning systems.

The COAG Reform Council will independently review the consistency of capital city strategic planning systems with the new national criteria during 2010 and 2011. A jointly appointed, expert advisory panel will be established to support the COAG Reform Council in this work. The COAG Reform Council will also support continuous national improvement in capital cities strategic planning and build and share knowledge of best-practice planning approaches.

COAG recognised that all States are working to strengthen urban planning. The reforms adopted today will support all governments in working with communities and the private sector, to create productive, liveable and sustainable cities for the future.”

Australian Transport Council (ATC)

In his first meeting as Chair of the Australian Transport Council (ATC), in February 2008, Minister Albanese sought the support of Australia’s transport Ministers for a national transport policy framework. This was agreed.

Consistent with priorities identified in the COAG National Partnership Agreement to Deliver a Seamless National Economy, the ATC has work in progress to make transport regulation consistent across the nation. At its July and December 2009 meetings, COAG agreed to establish national regulators

for maritime safety, rail safety and heavy vehicles, delivering agreed national laws and to create a national investigator regime for rail incidents. By increasing operating efficiency these reforms should lift national productivity for all freight modes without compromising safety.

Against that background, the Government provides the following response to the Committee's 25 specific recommendations.

Australia's Transport Task

1. The Committee recommends that the Minister for Transport and Regional Services require the Australian Transport Commission and the Bureau of Transport and Regional Economics to undertake the establishment of a national transport database. 2. The Committee recommends that the Minister for Transport and Regional Services urgently initiate legislation requiring transport industry operatives to supply essential information for the proposed transport database.

Noted.

Since the Committee's report, the Bureau of Infrastructure, Transport and Regional Economics (BITRE) has commenced the annual publication of an Australian Transport Statistics yearbook. The publication covers all freight and passenger transport, the four major modes of transport – road, rail, shipping and air – together with transport and safety and transport, energy and the environment.

While there is no comprehensive legislative basis for transport data collection, legislation governing port, shipping and aviation statistics does exist. The Department of Infrastructure, Transport, Regional Development and Local Government collects port statistics under the *Port Statistics Act 1977*, while the Australian Bureau of Statistics (ABS) collects international sea freight data from industry under its own legislative framework. BITRE collects aviation data under Regulation 12 of the *Air Navigation Regulations 1947*, which requires aircraft operators to provide the Department with statistical returns or other requested information relating to aircraft, passengers, freight and flights. In the rail freight sector, a voluntary approach has been successfully introduced for data collection.

Further work in this area is being progressed by the Australian Transportation Data Action Network (ATDAN), which is responsible for developing a pilot transport metadata website into a fully functional national transportation data visibility system. A Sub-Committee of the Standing Committee On Transport's (SCOT) Network Performance Standing Sub-Committee, ATDAN is chaired by the ABS and has members from all jurisdictions' transport agencies. ATDAN's primary role includes: improving knowledge of data inconsistencies between jurisdictions and identifying base data gaps; enhancing data visibility and accessibility, and core data consistency where possible; and determining common standards if necessary for high priority data sets to meet agreed policy imperatives.

The Ports

3. The Committee recommends that COAG undertake the establishment of an Australia-wide set of standards for the approval of port dredging

projects, with a view to a co-ordinated and timely approach to achieving critical depth upgrades.

Noted.

In May 2009 the Prime Minister announced that the NTC and Infrastructure Australia will work together on a National Ports Strategy for consideration by COAG in 2010. The strategy will cover bulk commodity ports and container ports and identify the most effective regulatory and governance frameworks, ways to improve land planning and corridor preservation, and the future infrastructure requirements of Australia's ports including road and rail links.

In relation to environmental approvals relating to Port dredging projects, the *Environment Protection and Biodiversity Conservation Act 1999* (EPBC Act) has statutory timeframes and well established processes to deliver acceptable environmental outcomes in a timely manner. The Department of Environment, Water, Heritage and the Arts (DEWHA) facilitates timely approvals for high priority infrastructure projects, through a team of dedicated EPBC Act case managers, established to coordinate and focus effort on the assessment of high priority nation building projects. This includes major port developments such as Oakajee Port and Rail, WA and the East Arm Wharf Expansion, Darwin. This team is focussed on addressing the most common causes of delays to assessments under the EPBC Act, which are either late engagement with, or insufficient consideration of matters protected under, the EPBC Act by project proponents.

All dredging projects that require federal environmental assessment are considered against the National Assessment Guidelines for Dredging 1999. These guidelines are used to assess all sea dumping applications for dredge spoil and provide clear consistent guidance to ports on the standards required to ensure that dredge spoil proposed for offshore disposal meets the Commonwealth's requirements.

The guidelines were developed in consultation with various agencies, organisations and key individuals. They provide information about the assessment and permitting processes and will be a key tool when preparing a permit application. The guidelines will also help to identify opportunities for longer-term strategic planning and project management.

Timely environmental approvals for port developments may also be facilitated through the use of bilateral assessments and strategic assessments, provided for by the EPBC Act. Bilateral assessments with state and territory governments allow for a single assessment to cover both federal and state and territory requirements. Usually this enables the proponent to provide the same set of documentation that will be used for assessment by the state/territory and Commonwealth agency respectively. While the assessment process is accredited, any decision on whether to approve an action under the EPBC Act remains with the Commonwealth environment Minister.

The Commonwealth Environment Minister has actively sought the implementation of strategic assessment opportunities in all jurisdictions. To date individual strategic assessment agreements have been signed in all states and territories with the exception of the Northern Territory. Approval of actions and classes of actions is the next step in the strategic approvals process which will allow for 284,000 new homes and major public infrastructure over 20 years

and mean no additional Commonwealth environmental approvals are required for individual actions.

4. The Committee recommends that, in the national interest, the Australian Government assist the Port of Melbourne to complete its channel deepening project as soon as possible.

Noted.

The Port of Melbourne channel deepening project was completed in November 2009, with dredging completed ahead of schedule and the project \$200 million under budget.

5. The Committee recommends that a "Critical Port Infrastructure Fund" should be established to urgently provide funding assistance for the construction of vital infrastructure projects costing up to \$150 million. This fund would be in addition to AusLink and separate from it. It would not, of course, cover projects already being funded from other sources.

6. The Committee recommends that this fund should be not less than \$600 million a year over a five year program, on the basis of 50/50 participation with either State or private providers.

7. The Committee recommends the establishment of a Critical Port Infrastructure Commission to administer the Critical Port Infrastructure Fund recommended above.

Noted.

The Australian Government announced the establishment of the Building Australia Fund (BAF) in the 2008-2009 Budget to provide a funding source for future investment in critical economic infrastructure in the transport, communications, energy and water sectors.

In the 2009-10 Budget the Government committed \$339 million for the development of Oakajee Port common user facilities in Western Australia and \$50 million towards the development of Darwin Port, subject to further work and consideration of the projects by Infrastructure Australia.

The Australian Government has also committed funding of over \$1.4 billion for intermodal facilities and improved access to ports through the Nation Building Program. Intermodal facilities include the Perth Urban Transport and Freight Corridor, Moorebank Intermodal Freight Terminal, Altona/Laverton Precinct and Dandenong Intermodal Terminal and Somerton Intermodal Terminal.

The Australian Government supports a nationally consistent and co-ordinated approach to planning, regulating and investing in Australia's ports and landside infrastructure. Infrastructure Australia in conjunction with the NTC is currently preparing a National Ports Strategy for COAG's consideration. The National Ports Strategy will consider planning, regulatory and governance frameworks for Australia's ports including the potential for productivity gains from logistics efficiency, particularly on the landside. The National Ports Strategy, in conjunction with the National Freight Network Plan, will inform future planning, investment and regulatory decision-making for port and landside infrastructure.

Rail

8. The Committee recommends urgent consideration by the Minister for Transport and Regional Services of the techniques used in the Hunter

Valley Coal Chain, for application to other transport chains. It also recommends that, at Ministerial discretion, a grant of \$250,000 be made available on a one-off basis, for the establishment of a position of Chain Co-ordinator and the provision of a small secretariat.

Noted.

In 2009 the Hunter Valley coal industry restructured its arrangements for the movement of coal and created a separate independent legal entity, Hunter Valley Coal Chain Coordinator Limited (HVCCC). The HVCCC's mission is to plan and co-ordinate the co-operative daily operation and long term capacity alignment of the Hunter Valley Coal Chain. The HVCCC was an initiative of Hunter Valley coal producers and infrastructure service providers and did not entail the use of public funds.

This built on the 2007 announcement by the New South Wales Government of approval for the establishment of a major new coal terminal for the Port of Newcastle. The new coal terminal and shiploading facilities will help overcome infrastructure bottlenecks which result in delays and unnecessary costs to exporters. The terminal is expected to be phased into production during 2010.

The HVCCC whole of supply chain approach is similar to arrangements established in the Goonyella Coal Chain in 2008 in Queensland where, following a joint review by the Queensland Government and the Queensland Resources Council, a coordinator position was established to help facilitate day to day coordination and improve efficiency of the coal export infrastructure from the mine to port.

Supply chain efficiency is an issue for all transport modes. Freight efficiency is vital to the nation's economic performance, to cut the costs of business and reduce costs to consumers. The Australian Government is committed to improving supply chain efficiency by removing constraints within Australia's freight network, and recognises the need for greater national infrastructure coordination.

Infrastructure Australia advises governments, investors and infrastructure owners on a wide range of issues, including Australia's current and future infrastructure needs; mechanisms for financing infrastructure investments; policy, pricing and regulation and their impact on investment and on the efficiency of the delivery, operation and use of national infrastructure networks.

Infrastructure Australia is developing Australia's first National Freight Network Plan to provide for consistent planning, investment and regulatory decision-making in accordance with clearly-defined national objectives. This will allow for more targeted public and private investment in projects on the freight network and also better facilitate integration across modes and supply chains. The approaches adopted in the Hunter Valley and the Goonyella provide potential models for improving the operation and integration of infrastructure supply chains.

Road Infrastructure

9. The Committee recommends that the Minister for Local Government, Territories and Roads give urgent consideration to assisting the state and local governments to fund an upgrade of the road between Ravensthorpe and the Munglinup River.

Noted.

The Australian Government has provided \$6.5 million to the Ravensthorpe area to upgrade local roads.

10. The Committee recommends that the Minister for Transport and Regional Services refer to COAG the question of how local government can be assisted with the extra cost of road maintenance caused by the increasing use of heavy transport vehicles.

COAG has asked that the Australian Transport Council bring forward by December 2011 an examination of the feasibility of introducing more direct pricing for heavy vehicle road use.

11. The Committee recommends a spending program (subject to the outcome of recommendation 2), of not less than \$100 million a year for 5 years, to address key arterial roads, major feeder roads and community bypass roads in the Northern Territory and on connector roads into Western Australia and Queensland.

Noted.

The Australian Government is investing approximately \$357 million to develop the National Land Transport Network in the Northern Territory including:

- \$21.27 million for continuing (Auslink) projects, including \$10 million to improve the AusLink Network and \$4.96 million to improve flood immunity on the Victoria Highway;
- \$223.5 million in new projects including \$160 million for improved flood immunity, road safety and productivity on NT highways and \$60.3 million to upgrade Tiger Brennan Drive;
- \$52 million for the NT Community, Beef and Mining Roads package which will benefit a range of road projects in rural areas by delivering improved outcomes in road standards for the sector;
- \$3.767 million for Black Spots;
- \$28 million for the Roads to Recovery Program;
- \$27.439 million in Financial Assistance Grants – untied grants for local roads; and
- \$1 million for the Heavy Vehicle program.

12. The Committee recommends that the Minister for Transport and Regional Services ask COAG to urgently progress the alignment of transport regulations between all the states and the mainland territories.

Noted.

Consistent with priorities identified in the COAG National Partnership Agreement to Deliver a Seamless National Economy, the ATC has work in progress to make transport regulation consistent across the nation. At its July and December 2009 meetings, COAG agreed to establish national regulators for maritime safety, rail safety and heavy vehicles, delivering agreed national laws and to create a national investigator regime for rail incidents. The expected outcomes from these initiatives include: improved safety; consistent application of 'harmonised' regulation; reduced costs and regulatory burden for Australian transport companies as well as other direct productivity and efficiency gains for industry and the regulators. All national regulators and the national rail investigator are expected to be in place by the end of 2012.

Intermodal Facilities

13. The Committee recommends that the Australian Government investigate the most efficient method of storing and distributing empty cargo containers.

14. The Committee recommends that the Minister instruct the Department of Transport and Regional Services to undertake a timely strategy for the movement, unloading and storage of 40-foot containers, as an integral part of the transport freight task, in line with world trends.

Noted.

Each part of the freight transport supply chain is important for the performance of the supply chain as a whole. The movement and storage of empty containers is an important issue in efforts to improve freight productivity. Investigating the most efficient methods of moving, uploading, storing and distributing cargo containers is most appropriately dealt with by the private sector and state government agencies. This is because local factors mean that the best workable solution may be different for different ports and the regions they serve.

However, there is value in sharing lessons learnt and the Australian Government supports a nationally consistent and co-ordinated approach to improving the productivity of ports and landside infrastructure. Empty container matters will be reviewed as part of the National Ports Strategy being developed by Infrastructure Australia in conjunction with the NTC.

15. The Committee recommends that the Australian Government ensure that intermodal facility planning is given high priority in the AusLink Corridor Strategies. This planning should include consideration of financing options for IMT developments and upgrades, and, where necessary, the provision of targeted funding for essential projects.

Noted.

This recommendation is being progressed through the work that Infrastructure Australia is undertaking to identify and address challenges to the delivery of infrastructure in Australia. In addition, the Australian Government has committed funding of over \$1.4 billion for intermodal facilities and improved access to ports through the Nation Building Program. Intermodal facilities include the Perth Urban Transport and Freight Corridor, Moorebank Intermodal Freight Terminal, Altona/Laverton Precinct and Dandenong Intermodal Terminal and Somerton Intermodal Terminal.

16. The Committee recommends that, within AusLink, a guaranteed pool of funding for intermodal facilities is made available annually, on an ongoing basis, to leverage IMT developments, not only in parallel with other road and rail developments and upgrades, but as an integral part of them.

17. The Committee recommends that, in cases where private investment options have been exhausted, any urgently required intermodal facilities of national or substantial regional significance, should be developed through joint contributions from the Commonwealth (50 per cent), State (30 per cent) and local authorities and/or industry (20 per cent). Paramount in any such consideration would be a viable ownership model, providing open access.

Noted.

The Australian Government has committed funding of over \$1.4 billion for intermodal facilities and improving access to ports through the Nation Building Program. Intermodal facilities include the Perth Urban Transport and Freight Corridor, Moorebank Intermodal Freight Terminal, Altona/Laverton Precinct and Dandenong Intermodal Terminal and Somerton Intermodal Terminal.

The National Freight Network Plan, in development by Infrastructure Australia, will inform future investment in transport infrastructure.

18. The Committee recommends that the Australian Government:

- ***investigate strategic land banking;***
- ***where appropriate, secure land for future intermodal facility developments and expansions; and***
- ***encourage State and local governments, and the private sector to explore land banking options for future hub development.***

Noted.

As noted above, COAG has committed to the reform of capital city strategic planning systems. National criteria for capital city strategic planning systems will ensure that cities have strong, transparent and long-term plans in place. The following agreed criteria are particularly relevant in this context:

“Capital city strategic planning systems should:

- provide for a consistent hierarchy of future oriented and publicly available plans, including: -
 - long term (for example, 15-30 year) integrated strategic plans,
 - medium term (for example, 5-15 year) prioritised infrastructure and land-use plans, and
 - near term prioritised infrastructure project pipeline backed by appropriately detailed project plans;
- provide for nationally-significant economic infrastructure (both new and upgrade of existing) including: -
 - transport corridors,
 - international gateways,
 - intermodal connections,
 - major communications and utilities infrastructure, and
 - reservation of appropriate lands to support future expansion.”

COAG agreed that by 1 January 2012 all States will have in place plans that meet the criteria and noted that the Commonwealth will link future infrastructure funding decisions to meeting these criteria. These reforms will secure better outcomes from investments of all governments and they will strengthen public confidence in planning systems.

The COAG Reform Council will independently review the consistency of capital city strategic planning systems with the new national criteria during 2010 and 2011. A jointly appointed, expert advisory panel will be established to support the COAG Reform Council in this work.

Role of the Three Tiers of Government

19. The Committee recommends that COAG adopt a standard that requires infrastructure planning authorities to plan transport corridors on a time frame of at least 30 years.

Noted.

This issue is being addressed through COAG's commitment to microeconomic and regulatory reform which includes reform in capital city strategic plans that incorporate clear provisions for long-term infrastructure needs. See the response to Recommendation 18.

20. The Committee recommends that the Australian Government encourage transport departments and larger local authorities to acquire and zone freight transport corridors as soon as possible.

Noted.

As noted above, and in response to recommendation 18, COAG has committed to the reform of capital city strategic planning systems. The following agreed criteria are particularly relevant in this context:

- provide for nationally-significant economic infrastructure (both new and upgrade of existing) including: -
 - transport corridors,
 - international gateways,
 - intermodal connections,
 - major communications and utilities infrastructure, and
 - reservation of appropriate lands to support future expansion.

21. The Committee considers that only COAG is in a position to achieve the necessary co-operation between jurisdictions. It recommends that COAG undertake, as a matter of urgency, consultations with state and local government authorities, to seek agreement that transport networks should be treated as a single Australia-wide system, as further described in Chapter 11.

Noted.

COAG has agreed to a phased program of transport reforms being delivered through a number of mechanisms including the ATC. As described above, the current work program of the ATC includes measures that will assist our key freight transport modes to operate in a more seamless manner.

In addition, the Government's Nation Building Program includes significant funding for projects to develop Australia's national transport network, including some \$3.1bn for the Pacific Highway and \$2.5bn for the Ipswich Motorway. These projects are designed to build our national network capacity, preparing it for future traffic loads.

See also the response to Recommendation 8, which describes the National Freight Network Plan and Recommendation 12, which describes progress on consistent transport regulation.

22. The Committee recommends that the Minister for Transport and Regional Services establish a small infrastructure development unit in his department, to enable it to co-operate fully with the State departments on infrastructure planning and development. The unit should be staffed by

qualified transport engineers, supported by people experienced in planning transport projects.

Noted.

The Australian Government established Infrastructure Australia in 2008 to provide advice to the Minister, Commonwealth, state, territory and local governments, investors in infrastructure and owners of infrastructure on matters relating to infrastructure.

23. The Committee recommends that, in recognition of the situation of small cities and shires hosting projects of national significance, with infrastructure requirements beyond the capacity of their rate base to finance, that the criteria for access to the AusLink Strategic Regional Programme be revised to take account of their situation.

Noted.

The former Auslink Strategic Regional Program has been replaced with the current Nation Building Program (NBP), which includes funding for regional, “off-network” projects. The Government reviews a whole range of proposals under the NBP and assesses them on their merits. Several regional projects have already been funded under the Program, including the Sealing of the Peninsula and Wills Developmental roads (\$25.5 million), the extension and upgrade of Hepburn Avenue (\$10 million) and construction of the Mandurah Entrance Road (\$65 million).

Intelligent Tracking Technology

24. The Committee recommends that the Australian Government provide financial support for the development and implementation of a national intelligent freight tracking model, and urgent funding for a small number of demonstration projects under the national model.

Noted.

The Australian Government recognises the important role that supply chain management practices play in the productivity and efficiency of our transport infrastructure and recognises the necessity and value of partnerships with industry.

The Australian Government has already provided financial support for the development of intelligent transport systems research and development. The Australian Government has provided over \$559m in funding to National ICT Australia (NICTA), an independent company in the business of research, commercialisation and research training. Since 2008 NICTA has been developing technologies to assist road freight operators to accurately model freight operations and provide savings through efficient automated planning, proving savings to fleet logistics operators through more efficient asset and resource utilisation.

Infrastructure Australia is currently working on a National Ports Strategy and National Freight Network Plan. Initial work by Infrastructure Australia has noted the potential productivity improvements offered by improved supply chain coordination. The challenge for governments is in setting the right policy framework to encourage organisational and process innovation that will increase the productivity of the supply chain as a whole. This work will be considered in greater detail by governments this year.

Cross-border Issues

25. The Committee recommends that the Australian Government:

- **establish Road and Rail Border Commissions, consisting of Australian and State Government representatives (ministerial, departmental and engineering) to advise on, facilitate and execute major border transport projects and cross-border road and rail extensions, in a focused and timely manner.**
- **fund, over a ten year period, the projects and works identified by the Commissions, on the basis of Australian Government 50 per cent, State Governments 25 per cent each. A lack of co-operation on timely action in the establishment of the Commission should exempt the Australian Government from further responsibility.**
- **establish a Commonwealth fund of \$1 billion for this purpose over the first five years, distributed on the basis of bids from the Commissions. The program should be reviewed at the end of that period, and possibly extended to ten years.**

Noted.

The Government's Nation Building Program (NBP) will invest over \$37 billion in land transport infrastructure through the over the six year period from 2008-09 to 2013-14. The NBP is premised upon a partnership between the Commonwealth and states and territories. This includes identifying priorities for investment and sharing of investment costs.

In addition, the Australian Government has established Infrastructure Australia to assess infrastructure issues of national importance, as described above.