



# Regional Development Australia – Tasmania

## Feedback on the Tasmanian Integrated Freight Strategy

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# 1. Purpose

This paper has been prepared as a submission to the Tasmanian Government in response to the release of the draft Tasmanian Integrated Freight Strategy.

Regional Development Australia – Tasmania (RDA Tasmania) acts as a conduit to the Federal Government on regional issues that affect the Tasmanian economy and regional communities. In order to provide qualified advice and considered opinion on regional issues, RDA Tasmania ensures it researches issues and regularly consults with stakeholders.

In respect to transport and freight, RDA Tasmania regularly consults with state and local governments (and their respective service providers including TasRail and TasPorts), industry representatives, freight logistics providers and regional council bodies that are directly or indirectly associated with the freight sector.

RDA Tasmania has strong connections with the Department of Infrastructure and Regional Development, including a position on the Regional Development Australia Chair Reference Group reporting to Minister Truss.

As part of our role in regional development, RDA Tasmania has links with Infrastructure Australia and the national RDA network. RDA Tasmania also has an established working relationship network with other federal agencies which allows a regular sharing of information and understandings about this sector.

RDA Tasmania recognises the vital role efficient freight movements play in our island state, and has supported the Tasmanian Logistics Committee, initially facilitating the formation, and now acting as secretariat, of that Committee.

We welcome the Tasmanian Government's development of a Tasmanian Integrated Freight Strategy and are pleased to participate in the consultation and provide feedback.

## 2. Regional Development Australia – Tasmania

Regional Development Australia (RDA) is a national network of committees fostering regional economic development. RDA Tasmania works with all three tiers of government, regional businesses and the wider community to boost the economic capability and performance of their region.

RDA Tasmania facilitates policies, programs and projects designed to strengthen human capital, productivity, infrastructure, access to markets, regional comparative advantage and business competitiveness; leading to increased economic activity and the creation of new jobs, along with improved standards of living and working conditions.

### **RDA Tasmania:**

- Undertakes regional planning that takes into account the unique characteristics, opportunities and challenges of each region; and aligns with the plans of all levels of government and tailors responses accordingly.
- Engages with stakeholders to identify initiatives that will deliver economic growth that make a lasting difference to their communities.
- Builds partnerships, harnesses local leadership, marshals support, and encourages cooperation between stakeholders to drive regional priorities.
- RDA Tasmania is able to work with all levels of government, industry and community to pursue challenges and opportunities relevant to our region. RDA Tasmania produces an annual Regional Plan that outlines RDA Tasmania's vision for the region and identified priorities.
- Priorities are informed through statistical data in the regional profile, Australian and state government policy imperatives and stakeholder consultation.

### **RDA Tasmania Priorities 2015 – 2016**

- ◆ Expand and grow economic activity in Tasmania
- ◆ Increase collaboration and efficiencies between federal, state and local government
- ◆ Improve literacy, numeracy and education levels within the Tasmanian community
- ◆ Address the needs of Tasmania's changing demographic profile

### 3. Identified key areas

RDA Tasmania supports the four key areas identified in the 'Document for public consultation – November 2015' and has considered the policy positions and actions listed. We make the following points:

#### Support service choice and competition across Bass Strait

##### *Support and facilitate attracting a dedicated national and international air freight service to and from Tasmania*

Freight being transported by air from Tasmania is a small proportion of the total freight movement. However, growth in sectors such as agriculture and increased access to irrigation creates the potential for increased production of boutique, perishable and high value fresh food products which are well suited to air freight. The extension of the Hobart runway is opening the way for increased flights to Antarctica which have a significant freight component.

RDA Tasmania believes the Tasmanian Integrated Freight Strategy would benefit from this recommendation being expanded from just 'attracting' air freight services, to include identifying other support infrastructure and services that may be required (such as cold stores, quarantine and export services). The fifth Tasmanian Freight Survey could include projections or comment on the land freight connections required for an increase in air freight traffic.

A freight strategy for an island state would also benefit from including the role of government in facilitating the relationship between government and the corporations managing the key airport assets and infrastructure that are a vital link to national and international markets.

##### *Continued advocacy to the Australian Government in relation to the long term continuation of existing TFES arrangements and expanded coastal trading opportunities for Tasmanian shippers*

The Tasmanian economy continues to receive support from the Australian Government in the form of the Tasmanian Freight Equalisation Scheme (TFES) which now includes an extension to support international freight. The Tasmanian Integrated Freight Strategy should include reference and alignment with relevant Australian Government policy to ensure consistency and to maximise support to Tasmanian shippers.

The Tasmanian Integrated Freight Strategy should also consider any proposed changes to Australian Government policy – such as the changes to Coastal Trading legislation, in order to protect Tasmanian exporters and maintain current and future support entitlements for export freight.

### **Promote efficient freight gateways**

RDA Tasmania supports recommendations under this priority action.

Page 6 of the strategy suggests:

*‘Greater aggregation of freight volumes on core freight networks will support higher standard infrastructure which enhances productivity and safety’*

This objective should be extended to include niche producers producing smaller volumes of freight for export that when aggregated can enable improved efficiencies and economies of scale.

### **Enhance existing high-standard, responsive land freight connections**

#### *Finalise a Tasmanian Land Freight Network*

Key growth sectors in the Tasmanian economy include salmonids, agriculture, and bulk minerals. Much of this growth in production is based in remote or rural areas with land freight connections including private and local government owned and maintained roads and bridges. While local government is mentioned on page 35, it appears underrepresented in this section given the key role it can play in the regional areas of the state.

The policy positions under this priority mention local government in:

*3.5 ‘Work with local government to encourage consolidation of industrial activities in locations with good access to the strategic freight network, particularly the Burnie to Hobart corridor’.*

However, this policy wording is restrictive given that many of Tasmania’s high value growth export industries involve production primary in remote and regional areas that may not readily conform to the consolidation model. Tasmania needs to be supported by a clear road investment framework so it can be united in targeting funding opportunities to improve the freight network.

RDA Tasmania is of the view that this policy position should be expanded to highlight State Government’s role regarding the challenge of road and bridge access for heavy vehicles in remote areas that feed into the freight corridor; and the key role local and private road investment and maintenance plays in the cost and capacity to access market.

One recent example is the role State Growth played in highlighting priorities and encouraging cooperation by local government for the Bridges Renewal Program from the Department of Infrastructure and Regional Development. This grant program encourages combined applications from local government that improve regional productivity rather than focus on local projects.

#### *Deliver a Burnie to Hobart Freight Corridor Strategy*

The importance of the Burnie to Hobart freight corridor (including Bell Bay as part of the wider corridor) is recognised as a vital link for export freight that leaves Burnie for Melbourne. This freight corridor includes port, road, rail and airport infrastructure.

Page 32 highlights:

*‘The Tasmanian Government has identified Burnie to Hobart as Tasmania’s premier freight corridor and will develop this corridor to deliver the highest standard freight infrastructure and service levels.’*

RDA Tasmania supports regular consultation with key stakeholders including Tasmanian exporters, freight forwarders, industry and government is crucial in developing the necessary planning framework to deliver the required support infrastructure in anticipation of future needs.

Due to the long lead times and life spans of freight infrastructure, RDA Tasmania believes projections of changes in freight movements and volumes is vital for effective future investment planning. The comments following reiterate this need.

### **Deliver a single, integrated freight system**

#### *Complete a fifth Tasmanian Freight Survey*

RDA Tasmania supports the development of an updated Tasmanian Freight Survey. Freight infrastructure investment involves assets with a medium to long life that have a significant lead time for planning and funding before they are built and operational. Given this time scale, RDA Tasmania believe that the Tasmanian Freight Survey should incorporate industry and local government feedback on projected growth and changes in freight movement across the state.

The background papers and reports appear to contain mainly situational or historical data, with little information on projected demand or change in freight content and movement.

RDA Tasmania believes that there should be a stronger focus on the life span and long term management of an infrastructure asset. What an asset is going to look like in 5, 10, 20 or 50 years time?

This can then be related to the asset's capability to manage growth in freight. Increased availability of projected industry and freight growth will support more informed long term planning and asset efficiency.

*Formal alignment of planning and investment undertaken by TasRail, TasPorts, TT-Line and the Department of State Growth (road delivery agency) with the Integrated Tasmanian Freight Strategy*

As above, the road and bridge investment and maintenance undertaken by local councils, where it is relevant to the freight network, should be included in this integration and alignment of planning and investment.

*Develop a standard project evaluation methodology for major publically-funded freight infrastructure development*

RDA Tasmania strongly supports this priority action.

In 2014, RDA Tasmania made a submission to Infrastructure Australia proposing a shared approach to infrastructure planning and prioritisation. A shared approach could unite local and national projects around the use of standardised methodology based on common principles.

RDA Tasmania recommended that Infrastructure Australia develop a standardised methodology to guide planning a new infrastructure project of any scale in accordance to a set of principles that relate to the forthcoming Australian Infrastructure Plan.

#### **Example of a standardised assessment methodology:**

A project that requires **\$500K** funding would need to address principles A,B,C,D,E &F;

A project that requires **\$50M** would need to address A (a.1,a.2, a.3) ,B (b.1, b.2, b.3)

A project that requires **\$1B** would need to address A (a.1,a.2, a.3,a.4, a.5, a.6) ,B (b.1, b.2, b.3, b.4, b.5, b.6)

This approach could be introduced as policy; any organisation wanting to access public funds must apply these principles to projects. The principles could become a standard feature of government infrastructure grants and programs, which would encourage proponents to strategically develop their infrastructure projects with this methodology.

If a project required funding from multiple levels of Government, there would be consistency between information provided to each separate funding body.

RDA Tasmania would be interested in working with the State Government to develop a standard project evaluation methodology for major publically-funded freight infrastructure development and supporting a process that can provide commonality between Infrastructure Tasmania, Infrastructure Australia and the three tiers of government.

## **Risk Management – Planning for unforeseen circumstances**

### *Considering how to manage restrictions in freight movements*

Tasmania is Australia's only island state and is uniquely reliant on an efficient freight service that delivers export cargo with regularity at an affordable price.

Seasonal capacity constraints on Tasmania's existing freight shippers including TT Line, Toll and SeaRoad leave little room for any unplanned reductions in freight loads. These unforeseen circumstances can include:

- Mechanical Breakdown
- Inclement Weather across Bass Strait
- Temporary or permanent removal of a service provider

RDA Tasmania believes the Australian and Tasmanian Government's, in conjunction with the private sector (including Tasmanian exporters, freight shippers and logistics providers), should consider how to best provide a contingency strategy to counter act any reduction in normal freight services.

Any interruptions in normal services could lead to a loss of perishable freight loads that are time dependent and potentially market share in domestic and international markets over the longer term due to the unreliability of consistent supply.

Any such strategy could potentially include:

- Seconding a replacement vessel for exporters to "fill the gap"
- Alternate shipping methods including airfreight during times of freight capacity constraint
- Use of alternate providers including overseas vessels

Any such strategy should be reviewed regularly in line with changing export requirements and / or legislative changes.

## Structured Consultation

### *Specialised Engagement with Key Stakeholders*

RDA Tasmania supports the need to consult regularly with industry on the key issues and opportunities facing Tasmania's freight strategy (pg 46). We recommend that consultation is focussed on individual sectors, instead of collectively.

## 4. Conclusion

In conclusion, RDA Tasmania generally supports the policy positions and the proposed actions of the Tasmanian Integrated Freight Strategy outlined for public consultation and endorsement.

Furthermore, RDA Tasmania supports the Tasmanian Government's development of a Tasmanian Integrated Freight Strategy that will assist in the development of support infrastructure and enhanced support services for Tasmanian exporters.