Strengthening Queensland’s Supply Chains in Preparation for the Asian Century

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The Challenge Ahead

- By 2050, Asia will produce over half of global output
- Population will increase 6 times between 2009-2030
- Rapid urbanisation will increase demand for resources and food
- Global food imports will increase by $470 b
- Increased freight task:
  - Double road
  - Triple shipping
  - Quadruple rail & air
Domestic Challenges

- 50% increase in population
- Competition for government spending
- Productivity critical for economic growth
- Right infrastructure, used the right way, enable more efficient production which increases productivity.
QLD Challenges

- High level of government debt
- Low levels of productivity

Multifactor productivity growth, original

Source: Queensland Treasury and Trade
QLD Freight Network

• 180,500km public roads
  – 150,000 locally controlled (100,000 unsealed)
• 9,550 km rail line (inc. narrow, standard and dual gauge)
• 15 import/export ports
• 3 international airports and various domestic
• 2 key intermodal freight terminals (various smaller terminals and rail sidings)

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The Freight System

• Geography exponentially increases challenges as well as value of efficiency and productivity gains within the system
• The freight system = freight network + transport services + regulation
• Whole of supply chain approach versus modal....integrate not insulate!
Supply Chain Efficiency & Security

• Freight transport is a profit seeking activity
• Goal is most productive and efficient flow of goods to market
• Australia logistics up to 50% market price. Canada 1/2
• Need to innovate!
Connectivity & Innovation

• Paradigm shift that:
  – Recognises the connectivity of the freight system
  – Understands key drivers and flows
  – Underpinned by innovation and network optimisation
  – **Genuine** industry engagement
QLD Constraints

• Major constraints to supply chain security & efficiency:
  – First / last mile
  – Network capacity & reliability
  – Congestion
  – Regulation
  – Competing supply chains
  – Role uncertainty

• Fiscal constraints....Unlocking latent efficiency
Data...or lack of

- Fiscal constraints increase importance of understanding freight drivers and flows
- Need to maximise and quantify value of investments to supply chains and economic development
- Commercial-in-confidence is the enemy of data
South East Queensland

- Important supply chain facilities – POB, BMT, Acacia Ridge, Rocklea Markets, TradeCoast
- Coal, grain, livestock, meat, general freight
- Key issues are congestion and capacity for landside modes
- Supply chain competition
- POB/QTLC IMEX Study
Surat Basin Corridor

• Super corridor:
  – CSG, coal, cotton, livestock, meat, grain

• Mining:
  Obvious – coal, pipelines, pre-op exploration equipment, production plant and machinery
  Less obvious – water, fuel, waste, accommodation buildings, sand, aggregate

• 44% increase in population = more general freight
Surat Basin Corridor

- Estimated 18-20,000 gas wells = 120,000 OSOM movements which is 7 times the current level
- 500,000 additional truck trips up Warrego in 2013/14
- Permits to increase significantly
- Major rail, congestion & contraflow impacts
LNG Supply Chain Group

- TMR, QPS, Toowoomba RC, QTLC, POB, QRN, Heavy haulage operators, QTA
- Maintain supply chains’ security
- Identify land areas for lay down, marshalling vehicles and overtaking options
- Minimise congestion and rail impacts
Supply Chain Report

- Acknowledges fiscal constraints
- Does not advocate major infrastructure projects
- Low cost, innovative, system recommendations aimed at unlocking latent efficiency and capacity in freight system
- Prioritises QLD supply chains, focusing on landside operations
Supply Chain Report

- Data collection, management and analysis
- Supply chain coordination
- Alternative funding models
- Rail Network Operational (Efficiency) Policy
- Aligning land use and priority freight routes
- Streamlined RAV access & regulation processes
- Corridor specific approach - SEQ
Meeting the Challenge

Increased productivity / reduced infrastructure investment =

Doing better with what we have!
Network Optimisation

- Preventing efficiency leaks across supply chains
- Most vulnerable at mode interfaces
- Unlocking latent capacity through inter and intra modal innovation
- Utilise comparative advantage of each mode to achieve maximum supply chain efficiency
Innovative SEQ Supply Chains

• Higher productivity vehicles: A-Doubles to the POB
• Improved operational practices: KwikDrop doors on grain wagons
• Increasing load limits through innovative vehicle and rolling stock design
• Aggregated loading points
• OSOM Corridors – innovative road infra and furniture
• Oh...and a 2nd rail corridor & TWBA bypass
• OSOM Routes between Perth and Pilbara put power lines underground to improve efficiency (2012)
• Save operators $15,000 per trip
Innovative Supply Chains

• Automated train management systems
  – More trains, more safely....unlocking latent efficiency and productivity

• Rio Tinto Autohaul
• QTLC working with government and industry to progress innovative projects
• Strengthening Queensland’s Supply Chains Report available on the QTLC website
  www.qtlc.com.au
• More information – ceo@qtlc.com.au

THANK YOU