

SYDNEY & NEW SOUTH WALES

Transport & Logistics





AN INDUSTRY ON THE MOVE

A quick look at the Transport and Logistics industry in Sydney and New South Wales.

Getting it there securely and on time is one of the most vital elements of running any business.

Globalisation has created an ever growing interdependency between businesses (and regions) for the supply of inputs and outputs alike, meaning transport and logistics has never been so important.

Transport and logistics is not just a key enabler of doing business, it is a significant economic driver too – one that's crucial to the health of local, national and international economies. Transport and logistics overheads impact on the cost of living and quality of life of a country's population. It is often stated that the relative health of the transport and logistics industry acts as a barometer for the overall strength of an economy.

In Australia, the focal point for transport and logistics is New South Wales (NSW) and its capital Sydney which accommodates the State's major population concentration and has a central position on the east coast of Australia. Sydney is an important distribution hub. Sydney Airport, handling more freight than any other airport in Australia, is located close to Port Botany, one of Australia's largest shipping ports.

The freight transport and logistics industry in Australia and Sydney is mature and its leading companies are constantly looking to introduce and implement technologically advanced systems that further increase the efficiency of their operations and the industry as a whole. The industry reflects the growth of the economy and offers many types of job opportunities.

HERE, THERE, AND EVERYWHERE

The NSW Transport and Logistics industry, under the microscope.

The freight transport and logistics industry is estimated to account for up to 5.2¹ per cent of Gross State Product (equivalent to \$19.5 billion per annum).

Transport and logistics encompasses several sub-sectors, including:

- Logistics management and planning
- Warehousing and distribution
- Maritime/sea freight
- Stevedoring
- Aviation
- Air freight
- Road transport
- Rail freight
- Intermodal operations
- Courier delivery services, and
- Customs and forwarding agencies.

Today there are over 44,000² businesses classifying themselves as belonging to the industry, making NSW one of the key employment hubs for transport and logistics. The industry is made up of large and small enterprises.

By far the largest element of the industry is transport, and it can be neatly divided into two key means of delivery - by road and by rail - although new efficiencies demand a seamless service, meaning multi-modal delivery.

Road: approximately 43 per cent³ of all interstate freight in Australia is carried on roads, and NSW accounts for 34 per cent⁴ of the country's total road freight. In the busy Sydney-Melbourne corridor, and Melbourne to Brisbane corridor via Sydney, that figure jumps to an estimated 93 per cent⁵.

Rail: this sector (including passenger transport) is an important segment of the NSW freight transport sector, and is a crucial component of the coal chain.

The cooperative efforts of the industry and the coalfields of the NSW Hunter Valley deserve a special mention. Getting the coal from the mines to their destinations involves a rail network of 311 kilometres, over 15,000⁶ annual train deliveries, approximately 35⁷ coal mines and the berthing and loading of more than 1,000⁸ export vessels.

Logistics and warehousing has recorded employment growth of 16 per cent over the five years to 2011⁹. Investment in infrastructure and innovative new practices are boosting efficiency and allowing for exciting new growth opportunities in this expanding sub-sector.

ALL THE RIGHT MOVES

Transport in NSW is big business. In fact, NSW is responsible for 18 per cent¹⁰ of the total freight haulage of the country, which can be broken down according to different industry sectors:

The manufacturing sector favours road freight, mainly because of its ability to meet individual orders quickly and frequently. Transportation costs may be offset by the reduction in inventory-storage costs by bulk deliveries.

Agriculture and mining/resource transport is dominated by rail, due to the cost advantages of bulk loads. Nevertheless, trucks are used on shorter hauls like transporting grain to silos, livestock to abattoirs, and minerals to storage facilities at rail heads.

Retail and wholesale trade are also major customers of road based freight transportation since most deliveries include only short distance activities. Typically, once consolidated loads reach terminals or distribution centres, they're broken up and delivered to retail outlets and others, by road.

ALWAYS MOVING FORWARD

Our commitment to research and development.

The transport and logistics industry is constantly looking to introduce new technologies to better meet the challenges of price pressures and competition.

The move to 'just-in-time' inventories has led to the implementation of new technologies in the monitoring and tracking of goods in transit – allowing businesses to allocate resources more efficiently, and more profitably.

An ongoing push for a greener industry is gaining momentum and driving innovation and new technologies that can contribute to pollution emission reductions by transport companies. The emergence of mobile internet communications and 'open trading' hubs present opportunities to bring greener sub-contracting operators into the e-commerce supply chain loop.

NO STOPPING NOW

Advancements and innovations don't happen all by themselves. The NSW Government makes substantial contributions to a number of research and development facilities throughout the State. Some of the major research centres supported by the NSW Government are:

National ICT Australia (NICTA) is Australia's Information and Communications Technology (ICT) Centre of Excellence

www.nicta.com.au

NICTA's Intelligent Transport Systems (ITS) research aims to provide a smarter, safer, cleaner and more efficient transport system through the use of ICT. Some of NICTA's work focuses on problems associated with traffic management, infrastructure management and security, enhanced driver safety and logistics support for transport operations.

NICTA has signed a five-year agreement with Germany's Fraunhofer Institute for Experimental Software Engineering (IESE) to focus on transport-related research at NICTA's Sydney Laboratory. The agreement, supported by the NSW Government, creates a framework for joint research work to solve difficult problems in transport and logistics.

Institute of Transport and Logistics Studies (ITLS)

www.itls.usyd.edu.au

The ITLS is a world-class research centre at the University of Sydney, and is home to some of Australia's leading academics in transportation, logistics and supply chain management. The Institute is recognised as a National Key Centre of Excellence by the Australian Federal Government

Transport and Logistics Centre (TALC)

www.talc.com.au

TALC is a not-for-profit public company established in January 2007 that acts as a 'think tank' for new ideas in building capability in transport and logistics. It also provides advice to the industry in matters of workforce planning and skills development, especially in mentoring, innovation and knowledge sharing.

TRANSPORT AND LOGISTICS INDUSTRY BODIES

Government and industry collaboration is facilitated by the support of some outstanding industry bodies, such as:

The National Transport Commission (NTC)

NTC is appointed by COAG and works closely in partnership with peak industry bodies and government to develop consistent, practical and effective national and uniform transport policies and laws and regulations.

The Australian Logistics Council (ALC)

ALC is a partnership of senior companies/leaders in the transport and logistics industry sector, including logistics users, services suppliers, peak bodies and academics. The ALC's aim is to encourage the development of logistics in Australia and to create competitive advantage for Australian companies and the Australian economy.



DRIVING BUSINESS

Case studies of how we're delivering great business outcomes.

FREIGHTLINER AUSTRALIA

The NSW Government, through the Office of Trade, Business & Industry (OTBI), has been actively involved in helping Freightliner Australia implement its NSW business plans and widen its operations soon after entering the Australian marketplace.

A subsidiary of the UK rail freight leader Freightliner UK, Freightliner Australia began its first Australian rail operation in 2009 through a contract with the Namoi Cotton Co-operative in north-west NSW. The contract was to transport regular shipments of cotton to Port Botany for export – a regular rail service to replace intermittent and irregular shipments (as well as the occasional use of the Ports of Brisbane and Melbourne by Namoi Cotton).

Freightliner operates a long-term rail freight contract with coal company Xtrata in the Hunter Valley, transporting some 10 million tonnes of coal per annum to the Port of Newcastle.

SUTHERLAND'S TRANSPORT

OTBI has worked with regional company Sutherland's Transport for a number of years, helping them expand their business, acquire new customers and win sizeable regional tenders. The results have been impressive. Its fleet has grown from nine trucks to 16, their staff numbers have swelled from 21 to 35 in two years.

Today, Sutherland is analysing with OTBI the potential for the wider south-east region to use rail freight services to Sydney and Port Botany.

OTBI will continue to work to make the NSW freight transport and logistics industry even more efficient and profitable.



THE STATE OF THINGS TO COME

Building a brighter future in NSW.

The NSW Government is actively working with the industry to encourage increased investment, create jobs and further develop the sector.

The Government also assists research into increased productivity and the uptake of innovative transport and logistics practices by small businesses in particular.

As part of its Metropolitan Transport Plan – Connecting the City of Cities (2010), the NSW Government has committed \$483 million over 10 years for freight projects, including:

- Establishing a network of intermodal terminals in Enfield, Eastern Creek and Moorebank in Sydney. The development of the Moorebank facility has been supported by the Federal Government, which has committed \$71 million towards the establishment of a freight terminal by 2016. The Moorebank intermodal facility will expand freight handling capacity in Sydney and alleviate congestion around Port Botany by increasing the share of rail freight in the total freight task to and from Port Botany.
- Developing and upgrading motorway networks and key road links such as the Cooks River to Botany Freight Line Duplication in Sydney, to support efficient freight movement.
- Dedicating rail freight routes through Sydney including the Southern Sydney Freight Line and Northern Sydney Freight Line, with associated benefits for the passenger rail system.
- Improving the Botany and Enfield rail yards to support increased movements of containers to and from Port Botany by rail.

In 2010, the NSW Government also:

- Established the Freight Advisory Council under the auspices of the NSW Department of Transport. The new council will advise the NSW Government on a wide range of freight issues.
- Worked with Infrastructure Australia on a National Ports Strategy and a Freight Network Plan, and will continue to work with the Australian Government to identify Sydney's future airport needs.

**OFFICE OF TRADE, BUSINESS AND INDUSTRY,
AN OFFICE OF THE NEW SOUTH WALES GOVERNMENT**

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