

National Freight Data Hub Options Discussion Paper Response

Submission to the Department of Infrastructure, Transport,
Regional Development and Communications

September 17, 2020

The Australian Chamber of Commerce and Industry, Australia's largest and most representative business advocacy body, welcomes the opportunity to provide the following comments on the National Freight Data Hub Options Discussion Paper:

Design principle:

The Data Hub is an important initiative, but we are concerned that it is at risk of being just another disconnected initiative relating to Australia's domestic and international supply chains. While acknowledgment was given to the range of other initiatives underway, (for example the Single Window concept development, the Inter-Governmental Ledger with Singapore and various requirements and efforts on data sharing and streamlining for international trade) there was a strong sense that the hub would progress in isolation in any case due to the portfolio interest and project leadership of the Department of Infrastructure, Transport, Regional Development and Communications.

We want to highlight the importance of the need for whole of Government effort to streamline our supply chain operations in order to overcome the dramatic slide in competitive performance of Australia compared to other nations. Continued siloed approaches to supply chains by line agencies that only have limited oversight of, and responsibility for, supply chain issues will continue the fractured approach to modernisation that will not result in optimum outcomes for industry.

It is critical that the data hub concept clearly defines who the beneficiaries of the hub are meant to be. Supply chains are how we describe the full continuous process of products moving from the point of production to the final consumer (both domestic and international). All of the movements in between these two end points are undertaken by service providers. Regulators are intersecting the supply chain at various points and include everything from site approvals, to driver licencing to vehicle maintenance and safety, import and export controls, etc. Then there is the overlay of infrastructure – of how products can move in a physical sense, along with the associated telecommunications and messaging, reporting, etc, in order to facilitate the movement of goods between locations.

Australia's supply chains were globally uncompetitive before COVID19 and this event has demonstrated that supply chains are fragile and often need to be agile in order to overcome

disruptions. The Hub needs to not only capture historic data but also be a useful tool to assist with assessing future transport needs and the capacity to pivot supply chains when disasters occur (be they pandemics or other natural disasters). For example, one response from the pandemic has been a massive increase in e-commerce and “click and collect” style shopping. Historically most commerce was undertaken by consumers going to shops to buy goods. So, the freight need was to shift large amounts of consumer products to places of retail from where consumers then undertook the “final mile” to end point consumption. Increased levels of e-commerce have meant that this historic model was disrupted and may not return at the same levels. We are now seeing the consumers shopping online and the goods then transported in much smaller parcels often to Australia Post locations for collection and last mile to point of consumption at home. Alternately consumers have embraced click and collect models where they pick up online purchases from major distribution centres directly. This is a trend that is likely to grow and so freight requirements will dramatically alter.

Similarly, airfreight is entirely disrupted, and new models may need to be contemplated. Historically our major airports have been Sydney and Melbourne. We should contemplate that significant diversions are needed from time to time, or that these cities may not be the key gateways in future.

We have road costing models where users are only charged for access to infrastructure via State vehicle registrations and fuel taxes. Whereas rail is charged to cover the entire capital costs of the rail and the movement costs. This creates a distortion in the preferencing of road transport over rail.

We continue to consider inland road and rail models but disregard opportunities for coastal shipping to move goods domestically to locations around our coastlines.

An ideal future state would be that all modes of transport were considered and the regulatory environment and cost models were equivalent so as to allow market forces to operate to determine the most appropriate means to be determined by the user community.

Data standards:

It is important that Australia adopt international standards. Freight very often moves from, or to, global markets and so data and messaging needs to be done through standard systems that are going to be globally adopted so that we can maximise the value of information and also reduce the need for translation or rekeying across supply chain partners. This includes containers, shipping, logistics, regulators and finance, among other needs. The hub should be created based on the UNCEFACT principles and guidelines.

Data:

Along with the nominated data priorities of:

- Consignment data
- Container data
- Vehicle data
- Infrastructure data, and
- Cost data

the system should also be looking at drawing upon existing company data as well as compliance requirements for international trade including the staffing information required to address black economy issues and satisfy “trusted trader” requirements.

The Government already variously captures or holds much of this information in disparate databases and processes from tax and customs and export / import controls for reasons such as biosecurity, ABS data capture, vehicle registrations, drivers licencing, etc.

The data is already held and provided by businesses and so the hub should form part of the “single window” efforts of the Government and the “tell us once” edict of the Government, so that where “The Government” already has the data, it doesn’t seek it again from the commercial sector.

The commercial sector already needs to exchange data in real time, or close to real time, in order for freight movements, insurance and payments to occur. So drawing on data at this frequency should be a minimum.

Technology:

As noted above, the commercial sector already has, and provides / receive all of the information necessary to complete the commercial and regulatory requirements for freight movements. So, the Government should not be looking to invent the wheel and build / create yet another system for the purposes of the data Hub. It would be better to consider a “permissive” environment where the data already flowing to facilitate the commercial transactions were made available to, or sampled by, the Government.

A [Trade Community System](#) proof of concept has already been developed by the Australian Chamber of Commerce and Industry, with partners of PwC and the Port of Brisbane. Such a system demonstrated that it is technologically possible and feasible to create an “open architecture” model that is at low or no cost to users and where the benefits can be shared across the entire supply chain, including regulators and financiers, etc.

Such a system should be co-opted in the Hub development along with the Single Window efforts of Government.

Governance:

There are several tensions in the consideration of governance models for the hub. A Government operated hub overcomes commercial monopoly fears but raises other concerns about Government oversight, and budget continuity. Similarly, totally private models risk concerns over a commercial market dominance and how the data should be used.

The Trade Community System considered these issues and identified that a free or low cost model averted the risk of commercial dominance and that a policy where the data always belongs to its original provider also overcomes fears of inappropriate use.

Data needs to be separated between private, personal data and commercial data and that which is available to Government through regulatory compliance in any case. A permissive model where there is a partnership between the private sector and the Government sector is potentially the way to maximise the access to data and provide the lowest cost model.

Funding:

As noted above, a Government model risks firstly being overengineered and capital intensive that is then at risk to budget constraints in forward years. The ICS is an example of this where it was a

huge capital investment, ongoing upgrade budget has been constrained and we note the concept of “Single Window” appears to commonly be thought of in \$billion terms to replace it.

Alternately commercial models exist. The development of the company “Wisetech” for example demonstrates that it is possible to create a highly commercial model solving the regulatory compliance burden and data sharing requirements – but the risk is that a single or dominant company is created that can exercise undue market influence and so drive up costs.

The model in our Trade Community System looks to support the end users – ie the producer and the consumer – and to facilitate the engagement of the rest of the services within the supply chain through self interested engagement. A benevolent “community owned” model between commercial users and Government regulators which utilises a “we’re all part of the ownership” model should be the desirable approach. The platform should be a permissioned access one of a “public good”. The internet is a good example of this. Similarly, the Linux Foundation is another example of open architecture for public good. Such models should be considered. These models don’t preclude the development of commercial models driven by access to the data pool within.

Such a model will provide the future and ongoing funding based on commercial interest, but also creates demand for the produce from self interest of users.

Regulation:

There are no current constraints on regulation that would impede the creation of a data hub now that we are aware of.

Previous consultation with the Digital Transformation Office has confirmed that information provided to one Government agency is already available to another under existing data sharing rules. The Government has a “tell us once” edict already and this should be utilised in this project.

Deidentified data within a “pool” created by the hub can also be commercialised under existing regulations. If data is always retained by its original creator or provider, and they are also sharing their data, as they do now, for commercial purposes then there is also no regulatory constraint.

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