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# **Freight & Logistics Industry Composition & Future Challenges**



## **Presentation to ITTEC12**

### **INDUSTRY OVERVIEW**

***Philip Lovel AM  
CEO***

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# Freight & Logistics is Big Business



- \$60+ billion turnover
- \$30 to \$35 billion yet to be outsourced
- Big operators hold only a small share of the market – 10 to 12 billion
- 7 or 8 majors will rationalize back to say 5 or 6 – already done that
- There will be major competition from off-shore (FedEx, UPS & 4 PL' s)
- Industry was growing at an estimated 5 % a year but sectors all different
- There will be modal change with rail doubling in size, although it will need \$billions to do this
- Technology has never been so important (Toll is spending \$30 million a year on it) and customers connected to it
- A big issue is the total lack of information on the industry

# Industry Composition – Fleet Size



■ 1 Vehicle	72%
■ 2 Vehicles	17%
■ 3 to 9 Vehicles	10%
■ More than 10 Vehicles	1%

# Trucks by Industry



■ Agriculture	36.5%
■ Hire and Reward	26.1%
■ Wholesale and Retail	12.1%
■ Building / Construction	9.7%
■ Manufacturing	6.7%
■ Mining / Quarrying	2.3%
■ Other	6.6%

# Sectors of the Freight/Transport Industry



- Long Distance Road Freight
- Container Transport
- Furniture
- Local Government
- Warehousing
- Contract Distribution
- Tip Trucks
- Armored Vehicles
- Waste
- Concrete/Aggregate
- Mining Industries
- Earthmoving & Demolition
- Bulk Tankers
- Car Carrying
- Refrigeration
- Ancillary Transport
- Country Carriers
- Agriculture
- Primary Producers
- Federal Government Agencies
- Building & Construction
- Oil & Petroleum
- Wholesale & Retail
- Freight Forwarding

# Freight Task – Long Distance vs Short Distance



- 80% of all road freight moves less than 100km
- Average length of road haul is 86 km
- Interstate road freight is only 4% - 5% of the total freight moved
- 96% of urban freight moves by road
  - no mode alternative either economically or physically



# Typical Costs of Operation



## Costs per Hour:

- Courier Van - **\$36**
- 8 Tonne Van - **\$49**
- 42.5 Tonne Tri-Axle Semi Trailer - **\$106**
- Petroleum Tanker - **\$135**
- B-Double - **\$178**
- Front Loading Waste Vehicle - **\$208**



# Productivity Improvements



- More freight carried on same number of (more productive) vehicles
- Combined increases in GVM, length, cube and other concessions have allowed productivity to keep abreast of freight growth..

**UNTIL NOW!!**





# Productivity Increases in Past 50+ Years



<b>Initiative</b>	<b>Timing</b>	<b>Improvement</b>
GVM Increase	1950' s	<b>84%</b>
Trailer Length	1989	<b>33%</b>
B-double Productivity	1990' s	<b>49%</b>
Cubic Capacity	1997	<b>30%</b>
Truck & Dog	1997	<b>18%</b>

# We've Come a Long Way ...



- Compared to 15 years ago... new trucks up to:
  - Five times cleaner
  - Twice as fuel efficient
  - Make far less noise
  
- But ...!!
  - Average fleet age is 15 years
  - Modernization of the fleet still needed



# Future Challenges



## Stay Legal

- Chain of Responsibility
- Heights / Weight / Load Restraint / Speed
- Compliance / Enforcement – No Tolerance

## Stay Profitable

- Keep abreast of productivity
- Understand costs – fixed and variable

## Meet Market Demands

- 24/7, new technology, greater customer demands, offer innovative services

## Recruitment & Skills Development / Staff Retention

- Drivers & mechanics – skills crisis
- Retain and grow current staff
- Management quality & experience

## Work with Governments

- Access and infrastructure
- Taxes & charges / regulatory agenda
- Industrial relations – labour laws



## How many trucks operate in Australia?

• **2,996,815**

Avg Age Yrs  
Aust - Vic

-2,460,568 - Light Commercial 1.5 to 4.5tonne	81.11%	10.4 – 11.1
-VICTORIA 545,898 .. 22.18%		
- 115,843 - Light Rigid.. 4.5 to 12 tonne capacity	3.86%	10.9 – 11.1
-VICTORIA 24,821.. 21.42%		
- 315,435 - Heavy Rigid.. Over 12 tonne	10.53%	15.4 – 17.0
-VICTORIA 76,604.. 24.28%		
- 82,436 - Articulated..	2.75%	10.9 – 11.4
- VICTORIA 24,476.. 29.69%		
- 22,533- Other (non freight)..	0.75%	14.0 – 15.7
-- VICTORIA 6173.. 27.39%		

Note: BUSES = 86,367 ( VICTORIA 18407.. 21.31%)

Motor Cycles= 660,107 (Victoria 156,390.. 23.69%)

all data from published ABS statistics Mch 2010 published Feb 2011

# Safety Issues



- Fatigue
- Accidents
- Speeding trucks
- Driver Distraction
- Seat Belts
- Drugs and Alcohol
- Load Restraint
- Falling From Heights
- Forklift Accidents
- Railway Crossings
- Vehicle towing
- Road Side Loading
- Customer Loading / Unloading
- Driver Health
- Incompatible Braking / New Braking Code
- Truck Roll Overs
- Over Height / Over Dimension Vehicles
- Roadside Vehicle Maintenance
- Bridge Strikes

# Future Freight Trends



- There will be continuing growth in all sectors
  - **More Trucks!**
- A changing freight task
  - More direct deliveries into homes
  - More through major facilities (ports / airports / major distribution centres)
- Deliveries into small retail / food outlets will continue and grow
- More pressure from Community and Local Councils for curfews and truck bans
- A growing trend towards 24/7 deliveries
- Costs will continue to grow- nothing goes down!!
- There will be more Commercial vehicle accidents, particularly in the urban area

# An Association that cares!



- Victorian Transport Association (VTA)  
Wirraway Drive, Fishermans Bend 3207

Ph: 9646 8590

Fax: 9646 8596

E: [admin@vta.com.au](mailto:admin@vta.com.au)

W: [www.vta.com.au](http://www.vta.com.au)



Incorporating:

**logisticsmanagersgroup**



**Victorian Transport Association (VTA)**