



# Strategic Plan

**2006-07 to 2007-08**

## **Background:**

The Tasmanian Freight Logistics Council came into being after members of Tasmanian Export Council Ltd voted in 2003 to change the company name to one that better reflects its operations and sphere of interest.

The following plan is derived from annual surveys, workshops and other forums conducted among Council stakeholder groups (shippers and freight service providers) in order to clarify views about issues and canvas strategies to address them in the period, 2005-08.

## **Freight Logistics Issues in Tasmania:**

Dramatic changes in growth rates of different economies are affecting demand patterns and the flows of traded goods around the world, including demand for raw materials and energy, particularly oil. Higher raw material and oil prices have impacted on freight costs and therefore the relative competitiveness of different supply sources, including Tasmania.

Seasonal production and import requirements in Tasmania affect the ability of existing freight capacity to always closely match shipper demand and add to the costs of freight services to and from the State.

Rising input costs and increasing market pressure from overseas suppliers mean Tasmanian enterprises must exploit every differentiation strategy to survive, including developing more competitive supply-chains. This translates to meeting customer expectations about reliability, security and food safety (in the case of perishables), dealing with global cargo operations and responding to key shifts in logistics technology.

**The Tasmanian freight community (of shippers and service providers) must therefore work towards more effective communication, understanding and commitment to a freight system that supports competitive Tasmanian products in interstate and export markets.**

In this context, the Freight Logistics Council's role supports improvements on behalf of freight community members to address the following issues:

- Supply-chains to and from Tasmania are complex and high-cost (compared to elsewhere in Australia) with associated greater risks of product damage. Better through-chain quality must also apply to mainland intermodal terminals and freight hubs upon which the state depends;
- Shippers need reliable freight services that get their products to market on time and in the expected condition. Shippers are concerned that freight services to and from Tasmania continue to be provided consistently and reliably, despite rising fuel costs, ageing infrastructure (such as rail networks) and tougher international competition;

- Communication between individuals within businesses and among different participants in logistics-chains is not always effective and can lead to supply-chain failures;
- Shipper awareness of service providers' capabilities/information needs/advance notification requirements, etc is often low and a risk to freight arriving at market as it should;
- The converse where service providers do not appreciate shipper requirements sufficiently also applies at times and leads to false assumptions about cargo handling, through-chain;
- Knowledge about relevant overseas developments or new technologies (eg packaging, e-commerce, product safety and logistics equipment) does not always disseminate quickly throughout the freight community;
- Similarly, this lack of understanding means slow adoption of change so that shippers are generating unnecessary costs and their products are becoming less competitive at market;
- Scale impediments (Tasmania's population, average size of businesses, etc) can mean less-than-critical mass to ensure services are available at bearable cost. Examples of on-going issues that relate to scale include consolidation of small (less-than-container-loads) shipments and access to equipment used in international cargo handling (many ISO sea containers have to be positioned at cost for use by Tasmanian exporters and with no wide-bodied aircraft servicing the state, air exports must be re-packed at mainland airports for international carriage);  
Likewise, in small markets such as Tasmania, scale impediments can cause higher risk of competition becoming de-stabilised and service choice being lost to shippers.
- New compliance requirements (eg security, OH&S, Chain-of-Responsibility legislation) are generating challenges where some in the freight community see these as "more red-tape" impediments to their ability to compete;
- Skill shortages in the industry are worsening every year due to growing demands for freight services, an issue not unique to Tasmania;
- Environmental impacts of Tasmania's freight industry are constantly under scrutiny and must be addressed as the freight task increases;
- Shippers are not always sufficiently informed to appreciate the implications of security risks that are identified within supply-chains originating or ending in Tasmania.

#### **Tasmanian Freight Logistics Council (TFLC) Objectives:**

The following objectives reflect different facets of TFLC's role as a peak industry organisation, working with other industry and government bodies on a broad front to initiate change. They are consistent with the Australian Logistics Industry Strategy and the National Food Industry Strategy as well as dovetailing with the Food Industry Council of Tasmania's (joint State Government/industry body) Strategy Plan:

1. Initiate logistics-chain improvements that enable more efficient shipment of goods from Tasmania by air and sea;
2. Facilitate enhanced freight logistics service standards and better quality management of logistics-chains, including across land/sea and land/air interfaces;
3. Work collaboratively with the freight community (at all levels) on removing identified impediments to effective, reliable and competitive freight services;
4. Act as a conduit between shippers, respective industry associations, freight service providers and government about logistics issues and initiatives;
5. Provide information about logistics-related topics such as emerging technologies, packaging and transport systems and training available to shippers and service providers to improve employee skills.

### **Success Factors:**

Fundamental to successful achievement of the above objectives are:

1. **Membership and Participation** by the Tasmanian freight community:
2. Engagement of **Stakeholder support** for projects and activities:
3. **Achieving tangible results** and promulgating these outcomes among the freight community generally.

### **Key Strategies:**

The strategies set out below are how specific outputs and goals will be achieved and are chosen because of Tasmania's small population and geographical size that:

- makes direct contact with industry relatively easy;
- provides an active community "grape-vine" to disseminate information;
- ensures demonstration effects from improvements ("neighbour-watching");
- can lead to ready co-operation in the face of commercial threat.

The emphasis of Council activities will be on encouraging people and organisations to work cooperatively in order to effect improvements that are in everyone's interest:

#### ***Strategy 1.***

##### ***Engage industry associations & networks in project support and participation***

Information can be gathered via this mechanism about what is happening and what needs to be done as well as communicating material and messages back to industry.

TFLC will maintain relationships with key industry associations and work with them on relevant project activities. Specialist support agencies will be engaged to help research needs, plan initiatives and undertake actions.

#### ***Strategy 2.***

##### ***Develop stakeholder interest groups in support of freight logistics initiatives***

TFLC will actively promote its role and communicate freight community needs and concerns to relevant government organisations and other stakeholders. Stakeholders will be encouraged to work cooperatively with freight community members in addressing perceived impediments to efficient freight logistics outcomes.

#### ***Strategy 3.***

##### ***Promote awareness about whole-of-logistics-chain systems to the freight community***

This is a "quality management" strategy that helps to improve communication among logistics-chain participants and ultimately the way products are protected through to market. It will utilise national and international benchmarks and the outcomes of logistics-chain improvement projects that generate cost and time-to-market savings as well as enhanced product out-turn and presentation.

Specialist service providers (eg Cold Chain Centre, <sup>1</sup>GS1 Australia and the Centre for Food Safety & Integrity) will be engaged in this context.

#### ***Strategy 4.***

##### ***Tap the widest possible range of resources to support improvement initiatives***

In a relatively small freight community, the proverbial, "gather-enough-crumbs-to-make-a-cake" approach is often one of the few ways in which identified potential improvements can be resourced.

---

<sup>1</sup> GS1 Australia was formerly known as EAN Australia – see [www.gs1au.org/about/business/\\_business.asp](http://www.gs1au.org/about/business/_business.asp)

Other benefits of such a strategy are that it helps avoid duplication and encourages more co-operative behaviour among those with an interest in any specific project.

**Strategy 5.**

***Ensure access to freight logistics information is timely, widely known & simple***

Ensuring important information is disseminated effectively must be given priority to support better decision-making and encourage up-take of logistics changes that make a competitive difference and the application of such learnings to other areas of industry and logistics chains.

TFLC will continue to promote its role among the freight community as a source of key logistics information and develop its communication mechanisms, based on the ease of access by users and the cost involved.

**Strategy 6.**

***Access and fully utilise appropriate national networks to support initiatives***

TFLC will engage with national industry associations, agencies and groups able to help meet its broad objectives and will continue working with existing support groups in government and its agencies (eg Australian Logistics Council, Integrated Logistics Network and Australian Freight Councils Network),.

It will in turn contribute knowledge, seeking to ensure benefits accruing from its activities are available to freight communities elsewhere in Australia.

**Strategy 7.**

***Focus project efforts on targeted segments of the Tasmanian Freight Community***

TFLC will maintain its emphasis on chilled/fresh perishables and within this broad product group, areas important to Tasmania such as seafood, fruit and vegetables. There will however, be no diminution of general services available to the wider Tasmanian freight community.

<b>Key Performance Measures:</b>
----------------------------------

As mentioned above, the following set of project support criteria will be used to evaluate the success of each project receiving Council resources:

- **Industry Transference** – Can outcomes/learnings derived from the project be easily passed on to potential beneficiaries in other industry sectors?
- **Technology Development Outcomes** – Is new technology or a different application of existing technology an outcome?
- **Commercial Benefits** – Can any material benefit be identified as arising?
- **Efficiency Improvements** – Will success lead to measurable efficiency gains?
- **Other Benefits** – Are other benefits to the Freight Community identifiable?
- **Commercial-in-Confidence Issues** – is the project constrained by confidentiality needs of participants and will this reduce the effectiveness of publicity outcomes or will it be possible to share the information arising from the project with as wide an industry group as relevant?
- **Consistency with Funding Agencies' Requirements** – does the project meet such requirements and still offer potential for broader industry benefit?

A key performance measure will then be the percentage of completed projects that deliver on expectations of the support criteria assessment.

In addition to the above, there are performance measures established by the Australian Government funding agency, Dept of Transport & Regional Services (DoTaRS), for which data will be provided as well as the following indicators, designed to show the extent to which TFLC is performing to expectations of both the freight logistics community and the broader stakeholder group.

- **awareness** of TFLC; its name, role and how its services are accessed, measured by changes in the year-to-year results of a longitudinal stakeholder survey;

- support through **membership**, measured by annual renewals (as a % of existing total membership) and year-to-year growth in membership;
- **participation** by industry (freight logistics community), measured by the extent of endorsement, collaboration and involvement by stakeholders in each project;
- **service quality** to inquirers using TFLC's website, measured by on-line responses to feedback requests about ease of access to information and usefulness of content.

<b>Planning Review:</b>
-------------------------

TFLC will review its performance annually using the above measures against its objectives. Individual projects will be evaluated both during and after completion.

This strategic plan will be subject to review each year or as deemed appropriate by the Board in responding to major market shifts that require redevelopment of corporate objectives, strategies and/or activities.

TFLC will work with DoTaRS and DIER to gather agreed data to meet expected needs of any program reviews through to 2007/8.