

LAA LTD SEPTEMBER 17 NSW DINNER MEETING
Supply Chain Report 2008

At the LAA AGM Dinner Meeting on September 17th, and the Melbourne Dinner Meeting on September 24th Rob O'Byrne, Group Managing Director, Logistics Bureau, presented an overview of the Supply Chain Report 2008.

This definitive report on the state of the logistics and supply chain industry in Australia, is a joint venture between the LAA and Logistics Bureau. It includes an economic and market update, defines market participants and reviews Australian industry performance. Following are some of key findings.

- For Australia, the main threats to growth are the credit crisis in the US, rising inflation, increased fuel and commodity prices and weaker consumer demand. However, the global economy should stabilise in 2009 and recover in 2010.
- Transport and logistics are increasingly significant in Australia's economy with a total product equal to 14.5% of GDP. Road transport and services and storage are the major contributors to the industry gross product.
- Freight volumes have grown. Japan is our largest export market, followed by China. Sea dominates international freight but air has a significant share. Road is the major player in domestic freight transport but rail is catching up.
- The transport and storage industry is the 7th largest employing industry in Australia with growth anticipated at an average rate of 1.6%pa in the next five years. The storage sector is likely to have the strongest growth.
- Fuel costs, wages, depreciation and rent are prime contributors to total costs of transport and warehousing. In the long-term fuel prices are a major challenge for the transport industry.
- In 2007/08, labour costs in the transport and storage sector increased by 3.8%, less than the country's average rise of 4.2%.
- In the six months to March 2008, industrial rents stabilised in the Gold Coast, Northern NSW, Sydney and Melbourne. Rental growth for the industrial market was above 10% in Perth, Brisbane and Adelaide and limited availability led to rent increases.
- Climate change and carbon accounting lead the way in generating industry initiatives to lower emissions.
- Other initiatives, such as e-technology, to improve supply chain performance are increasingly being embraced.
- With the Federal Government's scheduled investment, land transport infrastructure for road and rail should see significant improvement.
- Mergers and acquisitions have increased over the last 12 months.
- While there is still sufficient supply of industrial properties in most regions, some developments may be delayed due to increased construction costs and interest rates.
- Australia's logistics spend equates to 9% of GDP, comparable with the logistics spend in Japan, US, Europe and Singapore. A good position in terms of our distance from markets.

- Total business inventory has been steadily rising since 1993, with the major industries being manufacturing, retail and wholesale.
- From 1993, improved supply chain management practices have led to a decline in the inventory to sales ratio.

The next report will focus on service providers, employment and training and the regulatory environment.

The Supply Chain Report 2008 will be free of charge to members and Friends of the LAA.



Guest speaker Rob O'Byrne (3rd from left) with RAAF attendees Gavin Cavanagh, Jamie Dimmick, Kevin Hall, Paul Aggett, Carol Hofman & Nicole Davidson.



LAA President Brad Harrison welcomed new member Ivan Popowski, Principal, Performance Drivers Pty Ltd at the Dinner Meeting in Sydney on September 17.

LAA LTD SEPTEMBER 17 AGM

Our new management team for the forthcoming year was appointed at the AGM prior to the dinner.

The Board of Directors is headed up by President Brad Harrison. Our new Directors are Mark Barraclough, Executive GM Logistics Sales, Dexion (Aust); Mark Pearce, Senior Systems Executive Dexion Integrated Systems; Joanne Buchanan, Director, Growth by Design Pty Ltd; Denis Horder, MD, Denis Horder & Associates; and Suzanne Marshall, Komatsu Account Manager, CEVA Logistics.

Committee members are Group Captain Peter Brennan – RAAF; Joe Famularo - Sydney Institute of TAFE; Sunny Garewal – Sydney Institute of TAFE; George Hodgson – RAAF; Kate Hughes – MGSM; Tim Knox – Toll Energy; John Mak – Sydney Institute of TAFE; Conor O'Malley – National Foods; Mike Owen – AAAI Group; Bob Partridge – Dematic; Kim Rothwell – Eclipse R & D and Marketing; Amir Shacham – Logica and Malcolm Walker – Logistics Bureau.



(L-R): Suzanne Marshall, Mark Pearce, Kim Rothwell, Mal Walker, Mike Owen, Brad Harrison, Denis Horder, Mark Barraclough Amir Shacham and Executive Manager, Jo Baker.