

What is Transport and Logistics Worth to South Australia?

The Economic importance of Transport and Logistics

The Transport & Logistics Industry is a major contributor to SA's economy. The industry not only contributes to economic activity, but also facilitates domestic trade and the import and export of goods as well as the business and travel needs of the community. The overall efficiency of the Transport & Logistics Industry impacts SA businesses and communities and has important implications on the broader economy.

A Changing Environment

Globalisation, rapid technological change and the information economy have seen a change in SA's economic landscape. The Transport and Logistics Industry has had to respond to these changes with increased efficiency and better practices. Recently, issues such as global financial instability and carbon emissions management have provided new challenges for the industry.

Industry Growth

As SA's economic landscape changes, the demand for transport, freight and logistics infrastructure will also change. The industry is expected to see a growth surge on the back of population growth in Australia and Asia as well as sustained demand increase from Asia for Australian mining, energy and agricultural exports.¹ Ever increasing volumes of raw materials will be exported, and manufactured product imported.

South Australia's infrastructure, and freight and logistics companies that use the infrastructure, will need to grow and become world class to maximise the state's competitive position.

Increasing Industry Efficiency

Transport and logistics efficiency and effectiveness will need to improve as the industry grows. This will improve competitiveness and therefore increase export demand and the local economy. The industry will need to review the cost and flexibility of transport options including ease of access, speed of delivery, cost and risks of arrival.

Small shifts in industry efficiency potentially have very significant benefits in terms of employment and income growth. A 10% efficiency improvement could increase Gross State Product (GSP) annually by \$0.81b and result in the order of 8,500 new jobs.²

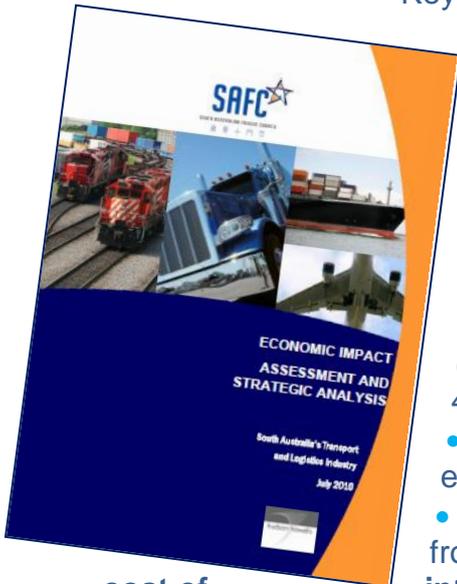
¹ <http://www.safreightcouncil.com.au/publications.asp>

² *ibid*

What are the Figures?

In October 2010, the South Australian Freight Council commissioned leading consultancy firm Hudson Howells to prepare a Socio-Economic Study on South Australia. The study found the freight industry to be a significant provider of economic activity, supporting a significant number of jobs and generating income and wealth for the community.

Key findings of the report included:

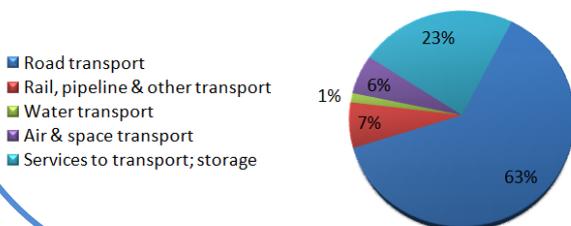


- In 2010 the industry had a **turnover of \$8.4 billion** and generated **\$3.7 billion of value added** (returns to labour and capital) which represented **6.9% of South Australia's Gross State Product**. This makes it 40% bigger than the wine industry, 40% bigger than the motor vehicle industry, and 70% the size of the mining industry and also the agricultural sector.
- In 2006/07, the industry **employed 29,000 people (about 31,000 Full Time Equivalents)**, which represented 4.4% of total state employment.
- The **induced value added effects** of the industry are estimated at **\$5.5 billion**.
- Transport costs represent **8.2% of the cost of exports** from the state (interstate and overseas exports), **2.8% of the intermediate product supply**, and **1.7% of the total household**

cost of consumption spend.

- It purchases significantly from the wholesale and retail trade sectors (mainly petrol supplies), and very significantly from business services (financial services, accounting, insurance).
- In 2010, it would **pay an estimated \$355 million of direct taxes** (not including income tax).
- The underlying export value for the SA economy is in the order of \$25 billion (comprising \$10 billion of overseas merchandise exports, \$14 billion of interstate exports, and \$1 billion of overseas services exports)
- The 2010 estimate of Annual Road Freight Task in SA was 18 billion tonne kilometres (TKM), and Rail would total 11 billion TKM. This was projected to grow by 2.4% for Adelaide and 3.8% for SA as a whole.
- In 2009, there were 159,300 Light Commercial Vehicles, 28,300 Rigid Trucks and 7,000 Articulated Trucks registered in SA.

Share of Employment (FTE)



Share of Turnover, Per Sector

