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National Freight and Supply Chain Strategy Secretariat
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SUBMISSION TO THE REVIEW OF THE NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY DISCUSSION PAPER

Infrastructure Partnerships Australia is pleased to provide this submission to the Review of the National Freight and Supply Chain Strategy Discussion Paper.

Infrastructure Partnerships Australia is an independent think tank and executive member network, providing research focused on excellence in social and economic infrastructure. We exist to shape public debate and drive reform for the national interest. As the national voice for infrastructure in Australia, our membership reflects a diverse range of public and private sector entities, including infrastructure owners, operators, financiers, advisers, technology providers and policy makers.

Freight and supply chain systems are the critical links between Australia and the rest of the world

Efficient freight and supply chain systems drive economic growth, provide domestic and international access to goods and shape patterns of economic activity in our cities and regions. With Australia facing a long-term trajectory of population growth, more trains, ships, aircraft, and trucks will be required to use our infrastructure networks as freight volumes grow to meet urban and regional demand. Governing Australia's Federated system with an overarching national strategy that drives coordination and efficiency is central to ensuring growing volumes of goods are transported to the right place at the right time.

Since the release of the first National Freight and Supply Chain Strategy (NFSCS) and National Action Plan (NAP) in 2019, Australia's strategic context has changed considerably, making now the opportune moment to review the Strategy. Australia has legislated net zero emissions targets and begun working in earnest to execute the decarbonisation agenda. Strong management of supply chain shocks induced by the pandemic confirmed the resilience of Australia's freight and supply chain system, however the spectre of geopolitical tension demonstrates the need to further this resilience by diversifying Australia's global supply chain connections. Accordingly, Infrastructure Partnerships Australia supports addressing both decarbonisation and resilience gaps in the Review.

Outside of these gaps, Infrastructure Partnerships Australia also recommends the Review address a number of other persistent and ongoing challenges in the NFSCS including, measurability of strategy initiatives, system interoperability, first- and last-mile solutions, industrial lands protection and the operation of the National Freight Data Hub. Additionally and emerging since the 2019 release of the NFSCS, are a number of rapidly escalating freight and supply chain challenges brought by the renewable energy transition, which require the attention of the NFSCS.



By design, the infrastructure to deliver the energy transition will be a long way from traditional centres and consequently, far from the freight and supply chain systems traditionally used for transporting the necessary plant and equipment. The industry is already confronting issues such as undersize bridges limiting the movements of wind turbines from port to site, and as the energy transition picks up speed, so will the complexity and scale of these challenges. In short, there is no transition without transportation, and as it currently stands, existing transport provision could limit the speed of the transition. A refreshed NFSCS is crucial to ventilating and meeting this challenge.

Australia's freight system must be supported by a nationally consistent and measurable plan of action

Ensuring that Australia's freight and supply chain can grow alongside the population requires a concerted and collaborative effort from industry and all three levels of government. The next iterations of the NFSCS and NAP should closely examine the performance of Strategy Actions and Initiatives to ensure that measurable and actionable Initiatives are replicated or extended, and ineffective Initiatives are improved or discontinued. If Actions and Initiatives are both actionable and measurable, compliance becomes straightforward, reporting gaps are minimised and growth and sophistication of Australia's freight and supply chain system is enabled.

Additionally, the Review provides a timely opportunity to revisit the Initiatives included in Jurisdictional Implementation Plans and ensure they correspond to those in the National Action Plan. If Jurisdictional Implementation Plans continue to live independently, then it becomes more difficult to achieve the objectives of the National Action Plan.

An interoperable network is key to the establishment of a decarbonised and resilient freight network

Owing to its system of Federation, the Australian freight and supply chain has historically lacked interoperability. Physical barriers such as a patchwork of gauges and signalling systems on Australia's railways and administrative barriers caused by differences in regulations across state borders have limited the efficiency of Australia's freight network. To improve this system, reforms – accepted across all levels of government, in all jurisdictions – need to foster interoperability and improve the efficiency of the system.

The ongoing work of the National Transport Commission – endorsed by the Infrastructure and Transport Ministers Meeting – to improve rail interoperability is a welcome change to the regulatory environment. In addition to these efforts, there exists scope for the NFSCS to further assist in removing interoperability inhibitors. By increasing interoperability Initiatives in the National Action Plan and connecting them with clear, corresponding actions in Jurisdictional Implementation Plans, both short- and long-term solutions to interoperability issues can be identified and resolved.

Solving for first- and last-mile freight solutions will accelerate decarbonisation

As Australia's freight task grows, so too does the challenge to solve for efficient first- and last-mile solutions, which generate both economic and environmental gains.

Infrastructure Partnerships Australia 2022 paper *Decarbonising Infrastructure* recommends that¹:

Governments can support and accelerate electrification of the local freight fleet. For instance, where appropriate, authorities should allow electric trucks to make deliveries outside of regular hours. State and

¹ Infrastructure Partnerships Australia, *Decarbonising Infrastructure*, 2022, page 34.



territory governments should consider providing special access to designated low-emission zones in urban areas.

The 2019 iteration of the NFSCS contained only a minor focus on efficient first- and last-mile freight transport. The Review provides a welcome opportunity for recommendations like the above to be readily implemented through the NFSCS, enabling significant short- and medium-term productivity and decarbonisation gains.

The protection of industrial lands is vital to enabling the freight system to continue to expand

Many of Australia's major freight nodes, including ports, airports and intermodal terminals are under the constant threat of planning changes to the industrial land that support their precincts. These land areas play a vital part in the supply chain and to effectively service a growing population, freight providers require them to be protected from urban encroachment. This includes direct loss of land to other uses, and indirect impacts such as development of residential precincts which will be exposed to ongoing amenity impacts. While delivering a robust pipeline of quality housing is important, it needs to be done using a planning approach that gives equal weight to the provision of housing, employment and infrastructure.

Pivotal to the success of the NFSCS is a clear mandate to facilitate this protection and ensure that all relevant stakeholders are aware of the importance of industrial land. The establishment of the National Urban Freight Planning Principles in 2021 was a step in the right direction, however there is scope for both further strengthening of the principles and raising awareness of the importance of industrial lands through the NFSCS. As land planning is the remit of Planning Ministers at the state and territory level, the Review should have the next iteration of the NFSCS and NAP endorsed by Planning Ministers in addition to Transport and Infrastructure Ministers.

The National Freight Data Hub relies upon sufficient funding and a strong mandate that supports data collection

The establishment of the National Freight Data Hub was a positive change to the freight and supply chain policy landscape and followed Infrastructure Partnerships Australia calling for such a body in its 2018 paper *Fixing Freight: Establishing Freight Performance Australia*.

For the Hub to continue to improve the freight and supply chain system it requires ongoing funding certainty to allow for sufficient resourcing and a strong mandate that enables the collection – and not just collation from disparate sources – of all relevant and necessary data to fully realise its value. Individual commercial interests should be protected, but not allowed to prevent the collection of data. Thought of holistically, every participant in the supply chain, from primary producer to final consumer, benefits from greater knowledge about the network's constraints and inefficiencies.

The National Freight Data Hub can both indicate the need for intervention to ensure an efficient, operable supply chain network – and crucially – measure the impact of those interventions once delivered. This is true of physical interventions like a new or upgraded rail connection, as well as for policy or regulatory changes like a new access regime or modified curfew. The Hub can provide the evidentiary baseline for governments to pilot and test reform options before a wider rollout, while providing clear evidence to industry and the community to secure enduring reform.

The Review of the NFSCS should ensure that the mandate of the Hub continues to evolve to so that it has the requisite data collection powers to act as the evidentiary baseline for reform, is able to maintain data privacy and has sufficient funding to achieve its mandate.



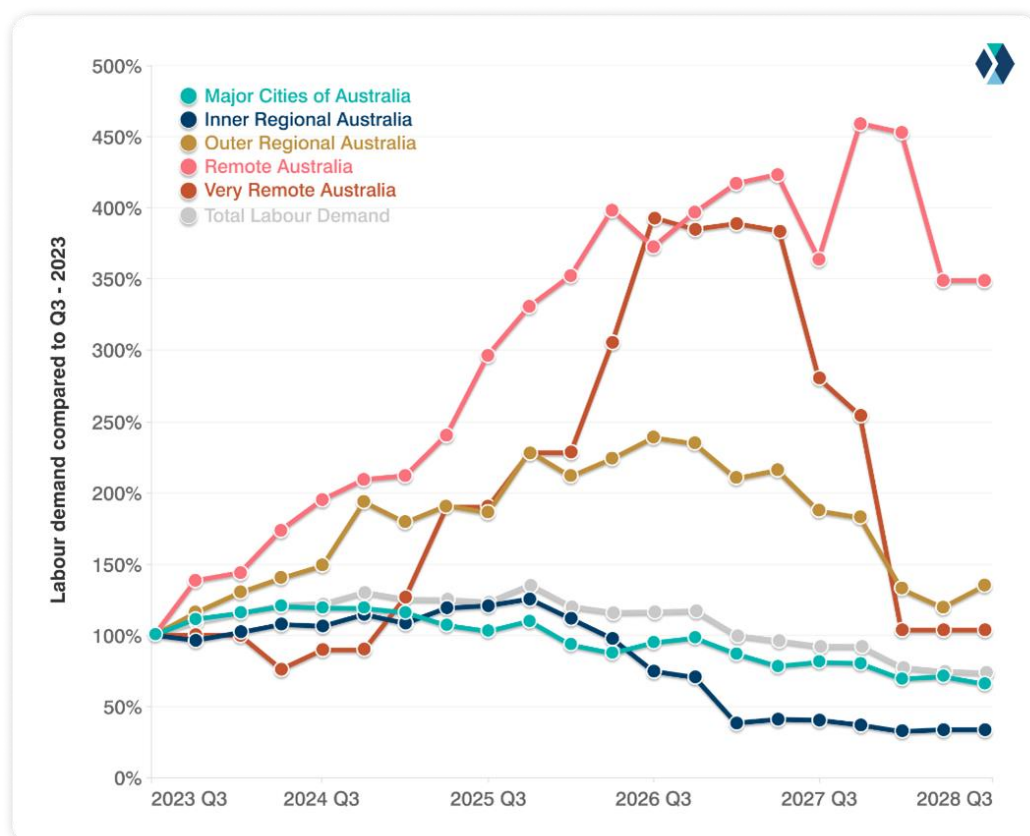
Australia's freight and supply chains are undergoing a rapid change as the energy transition accelerates

Focusing the Review on closing the resilience and decarbonisation gaps exposed by events since 2019 is an important and necessary action. However, the Review must also consider that further change in the freight and supply chain system is already underway as Australia's energy system transitions and should endeavour to bolster these gaps in the strategy before they become problematic.

As Australia strives to reach its net zero by 2050 commitment, our increased reliance on solar, wind, and hydro means that energy is generated in increasing quantities in dispersed and remote locations. The construction of large infrastructure outside of Australia's major cities poses a significant set of challenges for the Australian freight and supply chain system, with networks not previously having experience with transporting the quantity of materials, plant and equipment required by these projects to regional areas. Analysis conducted by Infrastructure Partnerships Australia of the Australia New Zealand Infrastructure Pipeline has found that the pipeline of infrastructure in Inner and Outer Regional Australia has grown by 90 per cent since January 2022, with the energy pipeline driving this growth and having grown by 160 per cent in the same period.

Figure One below shows the changes in labour demand required for the on-time and on-budget delivery of infrastructure projects in urban, regional, and remote Australia. With labour demand set to grow by 30 per cent in Inner Regional Australia, nearly 150 per cent in Outer Regional areas and an astonishing fourfold increase in Remote Australia by 2025, it can be reasonably assumed that the freight task for these projects will grow at a similar rate.

Figure One: Labour Demand Index for infrastructure projects by geographic category



Source: Infrastructure Partnerships Australia

Some of the challenges inherent in delivering this burgeoning pipeline are already visible, as exemplified by the transportation of modern wind turbines. With blades typically up to 90 metres long and towers of ever expanding scale, freight operators are having to contend with the challenge of moving this equipment from ports to sites on small regional roads, where bridge underpasses or narrow roads can present physical barriers for over-size vehicles. In areas where passage cannot be secured through existing infrastructure, solutions such as bypasses or other upgrades will be required. Government agencies have begun to work together to solve these issues, with the recent signing of a Memorandum of Understanding between the Energy Corporation of NSW and Transport for NSW for the delivery of upgrades to the State's road network a step in the right direction – but more will need to be done to ensure projects are deliverable, and proponents and clients are incentivised to plan new projects to meet Australia's emissions reductions objectives. There is no transition without adequate transportation infrastructure to support it, and the NFSCS should play a vital role in ensuring that governments are taking the necessary actions to ensure their freight networks remain fit for purpose.

The economic and social impacts of the freight sector do not start and stop at the gates of ports, intermodal terminals, railway stations or airports. A foundational consideration for achieving and maintaining an efficient, cost-effective freight network is not only *how* networks connect to populations – but *how well* they do it. The NFSCS and National and Jurisdictional Action Plans provide the nucleus of a comprehensive structure to enable improvements. By making targeted changes to the existing regime, Australia's freight and supply chain system will not only be able to recover from the shocks and changes of the previous four years but also prepare for the forthcoming changes ahead.

Infrastructure Partnerships Australia would be happy to provide further assistance to the Review of the NFSCS Discussion Paper. If you require additional detail or information, please do not hesitate to contact Jack Bateman, Senior Policy Adviser, on (02) 9152 6019 or jack.bateman@infrastructure.org.au.

Yours Sincerely,



ADRIAN DWYER
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