

Submission

NSW Freight Policy Reform Consultation Paper

Sunday, 19 May 2024

1.0 Overview

The Australian Logistics Council (ALC) is pleased to be respond to the Freight Policy Reform Consultation Paper issued by Transport for NSW as part of the Freight Policy Reform Panel Review.

Policy making for the supply chain sector requires reform if it is to continue to support the economy and meet the needs of NSW and Australia. This reform must not only consider specific existing policy positions, but also examine how policies are formulated, implemented and evaluated. The adoption of a systems thinking approach to supply chain and freight logistics issues is essential to enable policy makers to deal with the inherent complexity and interdependencies in these complex systems. The user demands that drive the creation and operation of supply chains are not constrained by state boundaries or modal choices. Effective supply chains require policies that are free from siloed approaches to mode, and conflicting policy positions both within and between the various levels of government and across jurisdictions. Policies needs to be developed with an understanding of end-to-end functionality of supply chain systems, ensuring they meet the needs of producers, end users, the community, and consumers engaged in trading goods and services.

This includes the requirement to develop policy positions on a cross-departmental and cross-jurisdictional basis. This is particularly important in the areas of land use planning decision making and urban growth, to meet the requirements of freight transport, logistics and warehousing, and to integrate supply chains as essential in the process.

Supply chain policy reform must also address workforce, skills and training requirements. The freight and logistics sector, a major employer, faces acute short-term labour shortages and longer-term skills and employment gaps. Policy development for workforce involve industry participation in its structure and delivery, employing a “joined-up” government approach to develop industry relevant policy and outcomes.

The need for integrated supply chain policy extends beyond freight, planning and workforce issues. Economic development policies, including those related to employment, should consider supply chains inputs. Investment in appropriate supply chain functionality can significantly enhance policy outcomes and economic performance, as demonstrated in the integrated approach that led to the Hunter Valley Coal Chain in supporting the resources sector.

Supply chain systems thinking and “joined-up” government approaches are prerequisites for coherent policy development to address the major economic and societal challenges such as decarbonisation, climate change (including increased incidence of extreme weather events), and digitisation. These issues require multi-faceted and multi-layered policy approaches that rely on collaboration between government, industry and subject matter experts to transition to the new operating and economic environments they bring while protecting community well-being and seizing new opportunities as they arise. Freight and supply chains, when supported by appropriately integrated policy, can significantly aid in delivering this transition.

Effective supply chain policy development hinges on a single principle: supply chain awareness. Policy reform must be enabled by an appropriate standard of education about the topic and a process of engagement informed by “on the ground” or applied expertise. This ensures policy outcomes can be practically achieved and can identify potential impacts and reactions to policy implementation. Government at all levels must strengthen awareness through engaging in a structured and ongoing dialogue with industry and an educative process. This requires building an enduring body of supply chain experts and practitioners that facilitate feedback not only on specific policies, but also on the overall strategic direction across the range of supply chain related policies. This approach, mirrored in the current reform process, provides insights into how awareness and coordination in engagement, strategy, and oversight of supply chain policy can be delivered.

This review comes at a critical time for both the industry and nation. Significant transformation in energy, digitisation and automation, and decarbonisation are set to impact our economy, community and lifestyle. Policy development to meet these challenges follows the demonstrable importance of the supply chain sector during the Covid-19 pandemic. This position has not diminished through the post Covid recovery and has become more critical as we grasp the scale of transformative challenges, we are all now facing. It is essential that importance of supply chains remains a focus as governments continue to develop state and national policy, including the task of building supply chain awareness across all levels of government, and the public domain.

2.0 Commentary on the Consultation Paper

The ALC is strong supporter of the NSW policy reform process for the supply chain sector. It is particularly pleasing to see the NSW government's acknowledgement of the freight and supply chain sector's importance to the state's functioning and its citizens' well-being. We suggest that the engagement process on policy reform should elevate this importance across all levels of government.

The presentation of the Consultation Paper provides an opportunity for the ALC to respond to the current state of the supply chain sector and its understanding of market and policy direction. Overall, the consultation paper offers a fair and credible assessment of the current policy and market conditions, aligning with the ALC members' experience. The focus on integrated supply chain systems rather than discrete "transport" actions is a positive strategic direction. Our detailed response to the Consultation Paper further outlines how this approach can be implemented in policy development.

The ALC would like to provide feedback on several specific issues identified in the Consultation Paper. These points do not pertain to the ALC's position on specific policy issues, but are important in establishing a shared understanding of supply chains and the context for policy development:

- **TERMINOLOGY:** The term "freight" reform implies a narrow focus on the cargo and the transportation of goods, neglecting the broader reality of the importance of supply chains to every aspect of our society, and affected by various policies beyond the transport portfolio. References to reform should therefore encompass freight logistics and supply chains.

Industry generally divides activities into import, export and domestic supply chains. The division of domestic flows into interstate, intrastate and state "transit" movements used in the discussion paper is not widely recognised (with maybe the exception of some legacy terms in the rail industry). Within these chains transportation may be undertaken by a combination of line-haul tasks (consolidated point to point freight movements) and distribution tasks (freight movements making multiple deliveries to individual end users), with cargo being consolidated or broken down into freight consignments and customer orders at terminals, transport depots or warehouses.

- **ECONOMIC ACTIVITY:** Recognising freight and supply chain demand as the by-product of other parties' economic activity is critical. Policy must view supply chains as both the "output" of market demand and an "input" enabling the broader economic and community objectives.
- **POPULATION GROWTH:** Linking supply chain demand with population growth and distribution is vital. Policies must reflect changes in urban and regional populations and consider significant locations straddling state boundaries, such as Albury/Wodonga and Tweed Heads/Coolangatta.
- **MEASUREMENT CHALLENGES:** Current freight task measurement (commodity values, mass (tonnes) or net tonne kilometres (Ntk)) are rough proxies that may misdirect policy focus. For example, while most economic value and freight movements in NSW are concentrated in the Sydney region, it produces very low Ntk due to low density of goods and short distances covered.
- **ROLE OF WAREHOUSES AND TERMINALS:** The critical economic value of terminals, depots and warehouses are often overlooked. These locations play a vital role in maintaining effectiveness and driving efficiency. In particular, the role of warehousing in consolidating goods into economic freight quantities, breaking down cargo to fulfil specific customer orders, and holding inventory to ameliorate peaks and troughs in demand for goods is critical to the effective functioning of supply chains.

The focus on freight flows and the limited focus on freight nodes (particularly outside of the major ports) potentially undervalues their role in supply chains but may feed distortions around the perceived economic value of planning and land use decisions that rely solely on the property values and alternative uses. (The logistics sector also faces this issue more broadly in the context of freight corridors and reservations, buffer zones etc. that are vital to protect the effectiveness and economic value delivered by supply chains.)

- **SUPPLY CHAIN SEGMENTATION:** Industry approaches strategic supply chain development with a focus on functional capability rather than segmentation by mode. The discussion document illustrates this in its discussion around ports, considering both the port operations and landside connectivity (road and rail) as part of the same network of systems. However, the long-standing segmentation of transport policy by mode in domestic chains (characterised by road, rail and "other") continues to reflect a legacy built largely around the differing infrastructure engineering requirements. While this distinction in infrastructure provision is not likely to disappear, strategic supply chain policy should focus on outcomes in end-to-end supply chain effectiveness rather than focus on within each mode.

The use of the term "last mile" to address localised policy issues risks misdiagnosing larger systemic supply chain problems and solutions. This term is frequently used as a catch-all for broader issues associated with local government or urban environments. However, from a supply chain perspective these should be considered in the context of urban or regional supply chain tasks.

- **URBAN LOGISTICS AND SUPPLY CHAINS:** Urban supply chains need to be better understood to deliver effective policy, especially given that greater Sydney urban area is the major centre for population growth. Key characteristics of these urban chains include:
 - **Demand Drivers:** Population size and density drive demand. Property redevelopment in established urban areas, alongside new developments in the North Western and South Western corridors, is changing densities across the metropolitan area, impacting overall growth trends.
 - **Consumer Trends:** There is a need to respond to how end users and consumer access goods in the urban environment. This includes increased home delivery, the rise in service businesses, and the demands of reverse logistics/waste/recycling, in addition to traditional retail, wholesale, construction and manufacturing activities.
 - **Distribution Dynamics:** The distribution of goods, primarily through deliveries to end users, represents the major task within urban supply chains. Delivery orders are usually time dependent (i.e. delivery before 10 a.m., same day business hours, next day, agreed day etc). The number of deliveries achievable over given time period is a major capacity limitation, rather than maximum vehicle mass or size. Distribution productivity is therefore underpinned by maximising deliveries across a shift or 24-hour period, based on the size and number of customer orders. While time utilisation may be high, mass or cubic capacity is of often low per trip (which also misrepresents measures of the task in mass or Ntks).
 - **Population Density Impact:** Higher population densities increase delivery frequencies within a geographic area, while lower densities drive longer travel distances between deliveries, resulting in higher overall travel time and reduced available delivery time.
 - **Efficiency Factors:** Distribution efficiency relies on nimble vehicles with unimpeded access to premises and minimal dwell time at each delivery point (i.e. bikes, vans and smaller trucks). This is supported by a network of replenishment sites, depots and warehouses to hold inventory, prepare orders and expedite vehicle loading. Increased population densities and shorter delivery lead times have led to the use of “dark warehouses” that can despatch and deliver orders quickly, due to their compact scale and proximity to end users.
 - **Access Infrastructure:** Efficient access to end user premises requires access to shared infrastructure and activity zones. Key priority access measures including, loading zones and parking regulation, truck driver delivery curfews, and planning for premises access (including freight docks) to enhance distribution productivity.
- **LAND USE AND PLANNING:** Policies on industrial land and land use planning cannot be developed independently of the overall planning framework. While freight terminals, depots and warehousing activities are primarily contained on industrial zoned land, freight and supply chain needs are integral to and impacted by all residential, commercial, industrial, recreational and environmental land uses, underpinned by the demand driven needs of population and society..

Supply chains must be seen as an additional set of utilities to serve residential and commercial zone redevelopments – access to service planned with the same focus as water, power, and passenger vehicle access. This includes waste collection and recycling (reverse logistics) which is particularly critical for high-density mixed-use development.

- **RAIL AND INTERMODAL TERMINALS:** The task of rail and intermodal terminals (IMTs) is not limited to containers. Some domestic supply chains use rail vans for palletised goods, with terminals operated by Sadliers in Sydney and SCT having a significant terminal in Parkes. Within the Sydney area there are also terminals for building material (aggregates and cement) at Cook’s River, Doonside and Clyde, as well as a waste transfer station at Clyde. All of these rail terminals provide for the transfer of products between road and rail services and face the same transport access and land use planning issues as container IMTs. Policy should consider the diverse uses of these terminals and their critical role in supply chains.

3.0 Consideration of Strategic Issues

The ALC has considered it necessary to respond to the individual issues raised under section 4 of the Discussion Paper regarding strategic issues. While our response reflects the collective views of the ALC, individual members have a range of specific views and a varying emphasis on these issues, which will be raised with the Panel directly through individual discussions or submissions.

3.1 The entire logistics chain

The ALC agrees strongly with considering the entire freight logistics chain in policy reform. Policy reform should encompass all elements of supply chains and be framed as “whole of supply chain” and “whole of government”. The benefits achieved by

using this framing is demonstrated through the success seen in the Hunter Valley Coal Network. This approach can be extended to apply to other parts of the broader supply chain system, provided they are developed through informed collaboration with industry. This requires clarity of purpose and commitment to long-term continuity in delivery of policy and actions.

3.2 The role of government

The ALC agrees with several of the observations in the Consultation Paper. However, the relationship between the roles and responsibilities of the industry and government appears heavily skewed toward government limiting its focus to issues of shared infrastructure networks (of which the freight sector is regarded overall as a low priority user compared to use by passengers) and access regulation. The industry is expected to meet all other needs, including those arising from government policy decisions on population, planning, land use, economic development and environmental regulation. This perspective underestimates the critical need for government leadership and advocacy role in policy co-ordination and resource allocation.

Co-ordinating policy strategy across portfolios, departments and levels of government is critical. The NSW government holds significant responsibility and opportunity to shape national coordination and delivery of outcomes, given its leading position in economic output, population and its geographic position at the nexus of the east coast infrastructure networks. Limiting the government's role to merely "facilitate" industry is overly simplistic and disengaged.

3.3 The Challenge of Integration

The ALC supports the observations made in the discussion paper, noting the increasing need for an integrated, systems thinking approach to supply chain issues in future trends.

3.3.1 Shared road networks

The ALC supports the need for transparency and assurance in road network funding and maintenance. The absence of clear processes for funding local roads is particularly important. However, opportunities for supply chain support for local government should not be limited to roads. This support should extend to enhancing network resilience, including plans and structures for crisis response and recovery. The ALC also supports ongoing efforts regarding heavy vehicle reform and the development of PBS standards. However, greater efforts are needed in assessing the impacts of PBS standards and access permits from a whole of supply chain basis. This includes examining impacts on modal share, road maintenance, and road and terminal congestion. While the benefits of more efficient vehicles are recognised for individual trips, the broader supply chain network impacts of large-scale deployment are still not so well understood and suggest the need for targeted support (e.g. intersection upgrades etc.).

3.3.2 Shared rail networks

The ALC strongly supports the issues identified around rail access, interoperability, and resilience. These issues are rooted in long term underinvestment in the rail network, resulting in legacy infrastructure and institutional settings that are poorly suited for modern supply chains. Although significant expenditures have been made on the rail network, most of this investment has been made largely in bringing the existing rail network up to a state of good repair and operating reliability. For the majority of the network, while there has been incremental increases in train length, there has been little in the way of infrastructures upgrades enabling a step change in transit times, axle loads, gauge clearance, or operating procedure outside of the Hunter Valley network, while network rationalisation has reduced operational flexibility. Investment and reform of processes has certainly not been of a scale to deliver productivity changes commensurate to those seen across state and national road networks.

With regards to the shared passenger network and issue of passenger priority across the Sydney Trains network, while increased co-operation between operator and access providers will provide short term relief, investment in extensions and augmentation of the Metropolitan Freight Network (such as the proposed Western Sydney Freight Line) to separate freight and passenger operations appears to be the best long-term solution. This needs to be seen not as a freight rail issue but rather an urban growth, land use and liveability project which also supports decarbonisation – enabling not only a shift in freight but also the increased use of public transport and reduced private car usage.

3.3.3 Constraints at ports

The ALC supports the observations around the three major NSW commercial ports. Currently, no major constraints on growth in trade at the ports are foreseen in the medium term. Long-term capacity is expected to be realised through the ongoing investment in technology and improved processes that will support productivity improvements, with Port Botany continuing as the principal container port. There is, however, potential for improved day-to-day operational co-ordination in Port Botany among shipping lines, terminals, rail and road operators. This coordination should enhance visibility around congestion and

delays and should lead to improved productivity in the port. As noted, this should also assist in leveraging the additional rail capacity now provided by the duplication of the Port Botany Rail line.

The Port Kembla and Newcastle remain well positioned for supporting bulk and breakbulk cargos as well as specialist supply chains (such as project cargo). Integrating landside rail connections through to the Inland Rail provides improved access to regional NSW and a bypass route around the Sydney Trains network. Newcastle is also particularly well positioned to realise opportunities presented by green energy industries due to its location on the national electricity network.

In regards to port regulation and charges, the ALC supports the full implementation of the recommendations made in the Willets Independent Review of PBLIS.

3.3.4 Issues at terminals and depots

The ALC agrees with the observations regarding vehicle access and operations, highlighting the need for greater co-ordination on supply chain issues and funding with local government. Many of the issues noted relate to planning and land use decisions that fail to recognise potential future impacts on supply chain productivity.

Access by rail operators to IMT's, beyond the issues already discussed around network access and co-ordination, is not seen as a major constraint on capacity or competition. In regards to IMTs and port shuttle services, the optimal train length is around 600m, maximising terminal efficiency for unloading and reloading trains and allowing shuttle services to perform multiple trips per day. Longer shuttle trains would require more time sitting in terminals, reducing overall trips per days and in turn reducing capacity of the shuttle-based supply chain system. The absence of competing rail providers serving shuttle terminals reflects the fact these services are competing on an integrated supply chain basis – competition is with other nearby IMTs or road operators on end-to-end service, not just rail services.

The economics of regional and inter-capital rail services that cannot operate multiple trips over a daily cycle dictate the use of longer 1200-1800m trains. These services can be broken down into 600m lengths as long as additional siding loops are provided for this purpose adjacent to IMTs (such as those at Port Botany Yard). However, these facilities may be used by multiple operators, therefore require a high degree of day-to-day coordination. For regional export rail services, they also must be able to collect import containers and empty containers after visiting the port to return to the regions, which can be complicated by choices made by shipping lines over where empty containers will be made available.

3.4 Industrial land, planning, infrastructure and workforce

The ALC supports strategic land use planning, the integration of IMT infrastructure (including integration with warehousing and the need to plan for additional IMT capacity) and freight industry workforce pathways. The need for corridor preservation and buffer zones around key supply chain nodes (ports, IMT's, warehousing) is well established, although sustaining these requirements amid residential demand pressures has been mixed. Greater policy focus on industrial land utilisation is required, accommodating the reservation and preservation of suitable large land lots for future development of distribution centres. Flexibility in planning and zoning must also be enhanced to accommodate growing demand for integrated mixed-use precincts (such as "dark warehousing"/forward sites in high density redevelopment zones) corresponding with projected population growth and increased densities in residential and commercial developments.

We would also highlight safety and environment policy as strategic considerations, particularly in the face of rapidly changing technology and automation. Adoption of these technologies will require ongoing agile government response to regulation and support if supply chain productivity and service benefits are to be realised.

While this last section regarding strategic issues in the Discussion Paper appears brief, the ALC would note that from its point of view these issues are seen as being of equal or even greater strategic importance to the challenges of integration and infrastructure outlined above. In particular, the issues surrounding future workforce development are seen as critical to the ensuring the ongoing productive support of economic activity and well-being in NSW and across Australia.

4.0 Policy and Guiding Principles

4.1 The current NSW supply chain policy environment

The ALC has previously highlighted that this review of NSW freight policy is both a timely and as noted in the Consultation Paper, the last major review was undertaken nearly twenty years ago in 2005, with the last major NSW Freight Plan issued in 2018. The current review coincides with actions in other states and the review of the Australian Government National Freight and Supply Chain Strategy. This provides an exceptional opportunity to develop policy strategy in collaboration with the federal and other

state governments, aligning policy goals and processes to drive productivity at both state and national levels. With nearly a third of national economic activity and the largest population of any state in the country, NSW will benefit significantly from any nationally co-ordinated approach to supply chain policy strategy.

To realise this opportunity and leverage any “step up” in supply chain productivity and performance, while addressing major challenges such as population growth, decarbonisation and climate resilience, a major reorientation is required in the way policy is formulated and actions delivered. Many policy challenges identified in the 2018 NSW Freight Plan remain largely unchanged with minimal progress on key issues.

A sophisticated approach to policy strategy, looking beyond immediate policy scope to identify and understand potential impacts (and reactions) of a broad range of stakeholders, is required. Freight strategies that simply focus on “bigger is better” or increasing capacity do not guarantee improvement in supply chain value and can shift negative impacts onto other parts of the chain (e.g. terminal congestion). Policies focusing solely on efficiency or lowest cost transport may overlook the importance of goods availability in fulfilling end user demand, including supply chain effectiveness measure through industry Delivery In Full On Time (DIFOT) performance indicators. The transformative nature of automation and net zero targets requires co-ordination to ameliorate investment risks and the impact of benefits, costs and consequences of changes made to supply chains across the economy.

All of these issues underscore the ongoing need for policy strategy to adopt a systems thinking approach to supply chain, to build deep supply chain awareness across government, and provide enduring structures of engagement and leadership within government to work on an ongoing basis with industry. Australia falls behind many countries in this way.

Consequently, the ALC’s response to the Panel’s request for feedback on policy is primarily concerned with the role of government and the formulation, co-ordination, and implementation of policy strategy and its ability to maintain relevancy in a dynamic environment. We have identified the key strategic policy areas that the NSW government should prioritize, including specific actions addressing issues raised in the discussion paper, as well as those highlighted directly by our members through their individual submissions.

4.2 The role of government policy

The ALC supports many of the NSW Freight policies currently in place. However, several issues persist within the overall freight and supply chain policy environment:

- **LACK OF CLARITY:** There is a lack of clarity around the overall supply chain strategy required to tie the various policy strands together. The 2018 NSW Freight and Ports Plan outlined five key policy objectives (Economic Growth; Efficiency, connectivity and access; Capacity; Safety; and Sustainability). While still broadly relevant, it is unclear how they have focused and driven policy formulation and outcomes since 2018.
- **CONFUSION BETWEEN POLICIES AND ACTIONS:** There is some confusion regarding the differentiating policies (plans) and actions (implementation), and poor measurement and transparency on outcomes. Some freight and supply chain policies are retrospectively built around predetermined actions from other policy areas such as land use planning.
- **CONSULTATION AND FEEDBACK:** The relevancy of policies and actions to supply chain objectives lacks clarity regarding the level of consultation with industry and subject matter experts.
- **RESOURCE COMMITMENT:** While policy creation is not lacking, there appears to be insufficient commitment to resources required for implementing and sustaining many policy initiatives. This includes the ongoing investment by government in its own supply chain awareness capabilities to ensure continuity of expertise and organisational memory, a key attribute given the long-term nature of transport infrastructure and the dynamic nature of industry.

The discussion paper notes that “traditionally government and parts of the freight industry have been slow to adapt and respond to the need for change.” While this reflects the complexity of the supply chain environment, adaptability is also hindered by poor policy and action co-ordination amongst stakeholders and across government, fragmented stakeholder engagement approaches, and the entrenchment of transport mode-based silos of policy and funding structures at all levels of government. This includes an emphasis on road infrastructure construction and heavy vehicle regulation. Critical and enduring gaps remain in supply chain policy outside of the transport and freight portfolios, particularly around land use planning and employment.

Government actions impact supply chains far beyond the production of policies and industry facilitation on outcomes. The ability of government to co-ordinate stakeholders and provide focus for industry action through its various policy stances means it is not a passive by-stander in driving supply chain demand or influencing service delivery expectations. All levels of government have a leadership role in aligning objectives and driving stakeholder collaboration across the supply chain. Similarly, the industry has a leadership role in delivering supply chain awareness in policy formulation. This requires a proactive stance from both industry and government, working together to develop and implement policy on an ongoing basis, with process frameworks developed within government to support this process.

The program of NSW state policy reform must look beyond existing policy content and actions and future challenges. It must develop a robust and comprehensive framework of processes around strategic supply chain policy objectives under which policy development and implementation, industry collaboration and feedback, project prioritisation and resource allocation, and assessment of policy action outcomes on objectives can be co-ordinated. Key considerations for such a framework must include:

- **COORDINATION STRUCTURE:** Establishing a structure that affirms co-ordination across the NSW Government and collaboration with the Australian Government and other states. Ideally, common strategic level objective setting processes (including engagement with industry peak bodies) and policy terminology should be adopted, looking to the National Freight and Supply Chain Strategy as a reference. This does not suggest absolute alignment in all policies between governments. Rather, it is seeking harmonisation in supply chain related engagement and processes to reflect the national scope of business plus industry services and user demand.
- **DEDICATED RESOURCES:** Allocation of dedicated departmental resources incorporating a suitable management and administrative structure. These must be vested with appropriate levels of authority within and across the NSW Government departments and empowered to assess and influence supply chain related policy development. These resources should include industry subject matter experts and representation from industry bodies to guide policy development and assess the outcomes.
- **LONG-TERM SUPPORT AND FUNDING:** Robust and enduring long-term (i.e. 15+ years) support and funding to ensure the continuity and certainty, to inspire business confidence and provide assurance for private investment.
- **TRANSPARENT PROCEDURES:** Establishing transparent and uniform procedures regarding policy and action assessment, setting of priorities, alignment across government and departments, and the measurement of performance of actions and plans. Rigorous assessment of policy must consider alignment, relevance, and impact on supply chains. Structured processes for gathering expert feedback from peak industry bodies should be included to validate the efficacy of policy actions and outcomes from an industry perspective.
- **INDUSTRY ENGAGEMENT:** Regular, scheduled engagement with peak industry bodies. Governments and departments must work collaboratively to develop a consistent approach to industry engagement, structured and sustained through industry representative bodies rather than ad hoc interactions.

It is imperative that industry representation goes beyond short term commercial or local operational concerns to ensure a broad, multi-modal supply chain perspective is obtained. In turn, industry bodies should commit to support review and feedback processes and proactively provide recommendations for policy and action initiatives.

- **SUPPLY CHAIN AWARENESS:** Embedding of processes that enhance government supply chain awareness, systems-thinking and resilience evaluation. Personnel responsible for delivery of supply chain policy must ensure that multi-modal and multi-disciplinary expertise, versant in a national, systems-based perspective, is readily available. They should also champion supply chain awareness, systems thinking, and resilience evaluation capabilities across government.

Industry and supply chain subject matter experts should be engaged under this framework on an ongoing basis to support awareness building across government, providing insight not just on what supply chains look like and how they operate, but also why they operate this way (including the influence of demand, competition, regulation and other market and environmental pressures) to assist in the formulation of policy that successfully drives behaviours and outcomes.

4.3 Specific policy priorities

While there are potentially hundreds of projects that could address current freight, logistics and supply chain concerns, we have identified the following areas (or key “Asks”) as being most relevant and impactful. Although we continue to support a number of ongoing policy actions, including road upgrades across all levels of government, we believe that the large number of projects does not necessarily reflect an optimal allocation of funding across the supply chain network. An improved balance needs to be found for funding of freight network infrastructure across all modes, and for whole-of-supply chain initiatives.

4.3.1 Decarbonisation of freight transport and supply chains

Issue: By 2030, freight and transport will be the single largest emitter in Australia. All Levels of government need to urgently to reframe policy to address failures in deliver of mode shift targets, the ongoing prioritisation of private motor vehicles over freight vehicles, and regulatory barriers that prohibit the use of internationally manufactured freight ZEVs, that are delaying an expedited, orderly industry transition to meet Net Zero goals.

Objective: A coordinated national approach to enable freight logistics, freight transportation, and supply chain decarbonisation.

The Ask:

- Develop and deliver a statewide program to decarbonise freight, logistics and transport through efficiency gains, modal shift, and fuel, energy and technology changes. Ensure the policy is tailored to meet the variety of differing circumstances (such as urban or regional supply chains) in recognition that one solution may not be suitable for all needs.
- Collaborate with industry and other jurisdictions to develop and harmonise frameworks and remove regulatory inhibitors that will provide industry with the certainty and confidence to invest in decarbonisation initiatives.
- Coordinate policy responses with the Australian Government, other states, and at the local government level regarding regulation and operation of ZEV's including steer axle loads, road access, recharging and related energy distribution infrastructure including recharging stations. This should incorporate small, medium and larger freight vehicles.
- Develop strategy supporting alternative green fuels and other low emission technologies, particularly in regards to supply chains serving regional and remote areas.
- Deliver support for the uptake of renewable power generation at transport depots and warehouses, including necessary upgrades to the power transmission networks to allow for feed-in to the state and national grid.
- Deliver and provide direct support for modal shift and IMT's as an immediate means to effect carbon emissions reduction. Increase investment in freight rail infrastructure specifically targeted to improve rail productivity (i.e. faster transit times, higher axle loads). Provide direct support for initiatives to transition to low emission or zero emission motive power.

4.3.2 Workforce

Issue: The current and future people and training demands of the industry are not being met.

Objective: A skilled and adaptable workforce

The Ask:

- Deliver a program that offers an independent, industry-validated assessment on the supply chain workforce in the state, specifically relating to:
 - Identification of the current and future people and training needs of industry.
 - An exploration of the factors underlying why the education system is not effectively serving the supply chain industry.
 - An exploration of the factors how population and demographic issues are impacting the supply chain industry workforce, including issues of mobility and housing affordability.
 - An examination of broad ranging potential solutions, including e.g., skills development, participation, and migration, specialised training programs.
- Examine current heavy vehicle driver licencing with the aim of moving to a competency-based assessments that will reduce the time required for qualification and improve the supply of heavy vehicle drivers.
- Recognise the importance of land use and urban planning in regard to the impact of housing affordability on workforce mobility and access to industrial areas, as well as the increased need improved public and active transport access between residential and industrial zones.

4.3.3 Public sector planning and decision making

Issue: Broad ranging public sector planners and decision makers lack of sophisticated awareness of the supply and freight logistics system, resulting in poor decision making that negatively impacts productivity, sustainability, and resilience.

Targeted Objectives: An informed understanding and support of freight operations

The Ask:

- Develop a program to identify the capability gaps (across departments and at all levels of state government) and urgently design and deliver micro credentials to improve decision making in relation to freight and supply chain policy.
- Deliver a program to address specific educational needs of urban planners regarding freight and supply chain, outlining not only the needs of industrial land and freight corridors but also the integration of supply chains across all land uses, the impacts on urban design and links to employment.

- Increase the use of both formal and informal education pathways for building freight and supply chain awareness across state and local government, including engagement with industry bodies to facilitate site visits and awareness building programs that provide “hands on” experience for policy staff.
- Assess policy decisions and actions that successfully supported short term step-changes in freight and supply chain productivity in response to major disruptions to transport infrastructure and supply chain network, such as the Sydney 2000 Olympics or the more recent response to the Covid epidemic, and review with industry what elements of these experiences should be harnessed to drive enduring productivity improvements.

4.3.4 Create regulatory consistency for freight accessibility across State government, Sydney’s LGA’s, NSW’s 128 jurisdictions, and national government

Issue: The disconnect between the various levels and divisions of government, compounded by a lack of sophisticated understanding of regulatory constraints on supply chain and freight logistics, systematically results in inefficiency, decreased productivity and unintended consequences including increased emissions, congestion, raised safety concerns and cost of living pressures. This can be seen in inconsistent approaches to issues such as transport delivery curfews, axle weight restrictions, and provision of rest areas and trucks stops for drivers.

Targeted Objective: A fit for purpose regulatory environment

The Ask:

- Deliver consistency across the NSW state and local jurisdictions, including increased support for Local Government transport planners and infrastructure managers in managing freight and supply chain issues.
- Work with the Australian Government, including proactive and constructive participation in national Infrastructure and Transport Ministers Meeting and Infrastructure and Transport Senior Officers Committee, to align NSW State and Local Government Freight and Supply Chain with the National Freight and Supply Chain Strategy objectives. Provide frameworks within the NSW Government to support the implementation of national policy initiatives with the participation of national peak industry bodies and in concert with other States.
- Establish and provide clear pathways for funding direct to local government to address issues of supply chain productivity including access upgrades, noise abatement, traffic management and ongoing infrastructure maintenance.
- Develop and support the introduction of intergovernmental agreements to establish transparent freight and supply chain policy and outcome metrics.
- Work with the Australian Government, states governments and local government to develop of a comprehensive, transparent collection of freight road and rail infrastructure network access and usage charges (including tolls), infrastructure provision and maintenance costs, and any relevant apportionments of costs and prices to freight. This should include identification of gaps in current network pricing and costing regarding freight (full) or freight equipment (empty) movements. This data should be shared with industry and used to assess the impact of pricing and cost recovery policies on modal choices, and support more efficient and competitive access pricing frameworks between modes.

4.3.5 Interconnected infrastructure

Issue: A paucity of interconnected freight logistics infrastructure stems from a lack of sophisticated systems knowledge in infrastructure, design, investment and delivery and ineffective coordination of major projects. Investment in intermodal interfaces is hamstrung by dissonant policy positions in land use planning, road and rail economic assessment and policy, and tardy, inflexible and cost prohibitive requirements around planning decisions and transport network connections and access.

Targeted Objectives: Improved productivity and international competitiveness

The Ask:

- The NSW State government establish dedicated, independent resources and single point of contact with direct responsibility and accountability for interconnected freight and supply chain infrastructure within the NSW state government, modelled on the office of the NSW Co-Ordinator General, for supply chain, road, rail, ports, and air freight and logistics. Responsibilities should also regulation and network access for road and rail, freight network pricing, and industrial land use planning. The office must have the capability to facilitate planning approval processes for major private sector freight and supply chain investments between the various departments, agencies and utility providers. The office must also have authority to hold parties accountable for the timeliness of delivery in planning and supporting infrastructure delivery, to avoid the prolonged, fragmented and unproductive outcomes seen in current projects such as the Moorebank Avenue Realignment.

- Harmonise processes and procedures for assessing and establishing IMT's utilising a whole-of-supply-chain approach. Co-ordinate with national government (and its responsible bodies) and local government to expedite planning and regulatory approvals for IMTs. Where applicable, provide funding and facilitation to support network infrastructure connections, particularly in regard to rail infrastructure network providers and signalling integration.
- Provide direct incentives to drive modal shift from road to rail and support government goals for modal share. Incentives be provided to support short term transitional costs (5+ years) associated with the rollout and uptake of metropolitan intermodal terminals, including changes to regional service operations that achieve greater metropolitan rail network productivity and the efficient triangulation of containers to balance full import, full export and regional empty container repositioning movements. Incentives should also be developed to address structural infrastructure access costs facing rail as a result of the current fragmentation of network pricing, regulatory (including pathing and passenger priority) and cost recovery frameworks which impair its cost competitiveness against road access regimes. Incentives should ideally be directed towards cargo owners and shippers with a focus on addressing switching costs (i.e. loading and unloading of cargo onto rail) to reduce the price "friction" between swapping between competing road and rail supply chains.
- Preserve and provide special planning overlays for future IMT locations, including properties adjacent to the Metropolitan Freight Network and Southern Sydney Freight Line such as the brownfield industrial sites surrounding Enfield, Chullora, Leightonfield, and Ingleburn/Minto.
- Reassess current approaches regarding modal share and permitting of heavy and large combinations vehicles. Breakdown the current siloed modal policy actions using a whole of supply chain systems approach, with a focus on long term impacts on congestion, capacity and energy transition goals.

4.3.6 Freight transport and logistics infrastructure resilience

Issue: Critical freight transport and logistics infrastructure regularly fails due to the increasing occurrence of severe climate events, and requires essential upgrades to fortify state and national supply chain resilience.

Targeted Objectives: Safe, secure and sustainable operations

The Ask:

- Deliver a framework for industry validation of network mapping and the identification of critical network infrastructure, the assessments of supply chain resilience risks, and prioritisation of funding to address actual and potential points of failure.
- Provide for additional planning and support for network connectivity to the NSW section of the Inland Rail corridor, with particularly reference to providing infrastructure that will support flexibility for rail diversionary routes connecting regional NSW to Newcastle, Port Kemble and the Southern Sydney Freight Line, including the ability for freight diversions to bypass the Sydney Trains network.

4.3.7 Freight rail infrastructure and regulation

Issue: The current rail network suffers from significant inconsistencies in infrastructure standards, operating procedures and network connectivity, reflecting a legacy of underinvestment and myopic policy leadership, that diminishes its potential value across the supply chain system.

Targeted Objectives: Improved productivity and international competitiveness

The Ask:

- Increased collaboration with peak supply chain industry bodies and supply chain subject matters experts in the formulation of freight rail policy, actions and measurement of outcomes, to bring a whole of supply chain perspective to development of state and national rail and intermodal systems.
- Placement within Sydney Trains of a dedicated executive manager and network access co-ordinator for freight operations, responsible for freight access and performance across the Sydney Trains network, the reporting to industry of freight performance KPIs.
- Ongoing support for the National Rail Action plan to improve inter-operability across the network, expediting required State regulatory changes and providing funding for necessary infrastructure changes, particularly across the Country Rail Network and interfaces the CRN, ARTC and Sydney Trains.
- Continue support for the Inland Rail project through NSW, including connectivity to Port Kembla, the Port of Newcastle and the Southern Sydney Freight Line, facilitating the bypass of the Sydney Trains network and the Cowan Bank.

- Leverage improvements offered by the Inland Rail and improve rail productivity through developing a rolling program of investment (akin to those used on the Hume and Pacific Highway upgrades) with the Australian Government to increase axle loads, reduce transit times and progressively increase gauge clearances through realignment and the construction of rail deviations in existing rail corridors. This should include prioritisation of removal of speed restrictions through replacement of the Menangle Bridge and Wagga Wagga Murrumbidgee Bridge; deviations, curve and grade easement through the Cullerin Range between Gunning and Cootamundra and over the Ardglen Bank.
- Reassess the completion of the Maldon – Dombarton rail link to reflect changes in freight and supply chain productivity, employment zone connectivity, network resilience and decarbonisation objectives, reflecting the impact of improved connectivity between the Illawarra region and the Westerns Sydney growth corridor and Western Sydney Airport .
- Continue and accelerate investment in the separation of the Sydney Trains and Metropolitan Freight Networks, including reservation of land for the Western Sydney Freight line and provision for IMTs and rail yards suitable for breaking down 1800m trains, as well as the separation and potential realignment of the rail freight corridor between Macarthur, Maldon and Moss Vale.

4.3.8 Road infrastructure and regulation

Issue: Future productivity growth in road transport will require sustaining existing levels of investment in the network and ongoing reform of regulation, including a suite of options to support the transition to low and zero carbon energy trucks.

Targeted Objectives: Improved productivity and international competitiveness

The Ask:

- Existing policy processes that support productivity, including National Heavy Vehicle reform, should continue to be supported.
- Actions and funding to be provided urgently to support the transition to low emission and zero emission vehicles, including regulation and relief for private capital expenditure to replace the existing vehicle fleets. This includes freight vans and light commercial vehicles falling under state registrations.
- Simplify road tolling across the Sydney motorway network, alongside regulation of the often punitive charges applied to freight vehicles when there are few alternative route options available. Regulation of tolls should encourage more productive use of freight vehicles and be linked to investments in freight priority access (such as dedicated filter lanes) to ease traffic flow and improve freight transit times.
- Conduct in-depth assessment on the broad scale rollout of access/permitting for PBS vehicles on future road pricing and cost recovery, distribution of road maintenance funding between jurisdictions (including defined processes for funding local road networks based on use), and effective monitoring of infrastructure use and supporting compliance measures. Implementation of heavy vehicle reform requires greater focus on co-ordinating of funding and compliance measures with councils and enforcement bodies, particularly in regard to the overall growth in heavy and large combination vehicle fleets.

4.3.9 Ports and port regulation

Issue: Ports supply chain policy requires ongoing support in regard to implementation and sustaining of outcomes.

Targeted Objectives: Improved productivity and international competitiveness

The Ask:

- Continue to support current policy initiatives around port regulation and infrastructure.
- Develop and implement direct policy actions with industry to support modal shift, including investment, operational co-ordination and performance measures that enhance the competitiveness of rail services, port connected IMT's and empty container parks.
- Implement in full all recommendations of the Willet Independent Review of PBLIS.