ALC Submission

NSW Freight Reform Direction Paper

Wednesday, 23 October 2024

Introduction

The Australian Logistics Council (ALC) welcomes the NSW Government's Freight Policy Reform: Interim Directions Paper as a highly considered and valuable contribution to the ongoing discussion surrounding freight policy reform in the state. The paper effectively captures the complexity and scope of the freight system in NSW, acknowledging the challenges and proposing strategic actions to address them. ALC appreciates the thorough engagement process undertaken by the Independent Panel, which has allowed industry stakeholders to voice concerns and provide critical input throughout the consultation process.

ALC looks forward to continued collaboration with the NSW Government as the directions are finalised and welcomes the opportunity to contribute further to the successful implementation of the proposed reforms.

Specific policy priorities

The ALC has identified several overarching policy priorities in response to the Freight Policy Reform Directions Paper, each aimed at fostering a more resilient, efficient, and competitive freight network across NSW.

A Systems Approach: The supply chain is made up of a highly complex network of interconnected and interdependent parts, with each component playing an essential role in ensuring the smooth and efficient flow of goods and services from a myriad of suppliers to a myriad of end consumers. The productivity and efficiency of a supply chain hinges on the discrete performance and cohesive integration of its various sub-systems. This includes not only freight transport and freight logistics but also encompasses urban planning and planning regulations, communications, information technology, legal and regulatory systems, and the people and infrastructure that support the process.

Supply chains operate beyond local and state borders and modal preferences, necessitating policies that avoid siloed approaches and conflicting regulations across various levels of government and between jurisdictions. Policies must be designed with an understanding of the entire supply chain system to effectively meet the needs of Australia.

Effective policies that integrate supply chains can significantly contribute to societal goals. Governments must prioritise the economic, social, and environmental importance of supply chains, ensuring decision-makers are educated to incorporate freight transport and logistics into planning and policy development.

Simplifying the Regulatory Environment – Lack of a Freight Master Plan: The current regulatory environment is complex and fragmented, contributing to inefficiencies across the freight network. There is a clear need for a national freight master plan that integrates state and national policies, aligns regulations across jurisdictions, and provides a roadmap for future infrastructure investments. Such a plan would support the seamless movement of goods and enable better long-term planning.

Protection of Industrial Land: The protection of industrial land is a top priority, particularly in light of the recent NSW Productivity Commission's paper on the issue. Recommendation 1.6 of the "Review of housing supply challenges and policy options for New South Wales" Final Report released by the NSW Productivity Commission on 11 September 2024 recommends applying a 'review and manage' approach to all urban industrial land, allowing it to potentially be rezoned for other uses. This recommendation is tantamount to removing any protection for the already scarce supply of industrial lands and risks exacerbating an issue which continues to have a detrimental impact on the NSW economy and the businesses which operate within it. The consequence of reducing industrial land supply in Sydney is higher cost of living from reduced productivity, reduced job creation and higher transport congestion and emissions.

The existing 'Retain and Manage' policy has been an effective instrument to arrest the rapid decline of industrial land in Greater Sydney. ALC urges the Government to maintain the existing Retain and Manage policy to ensure the scarcity of industrial land does not worsen and pushes more essential community services such as vehicle mechanics, home storage centres and logistics facilities further away from the communities that demand their services. ALC urges the Government to continue this policy to prevent further scarcity, which could push essential services—such as vehicle mechanics, home storage centres, and logistics facilities—further from the communities that rely on them.

With urban expansion and increasing pressure for residential development, it is important to safeguard industrial land to ensure sufficient space for freight and logistics operations near key transport hubs and corridors. Industrial land protection must be supported by consistent long-term planning to prevent future conflicts between residential and industrial land uses.

It is more important than ever that the Freight Policy Review process provides the certainty needed around this important policy piece. As such, we recommend an Action the NSW continues to implement the 'retain and manage' policy position over industrial lands.

Responses to Consultation Questions

2.3 Information and Data

1. **In the first round of consultation, there was widespread agreement that industry data was poor and not available. What particular data deficiencies were you considering?**

The ALC identifies several critical data deficiencies that hinder effective freight planning and decision-making:

- **Lack of data sharing across modes:** There is insufficient origin-destination data and congestion point information shared between road, rail, and sea freight sectors. Without these data, it is difficult to plan for seamless intermodal movements, identify areas of congestion, and optimise freight flows across the network. This lack of integrated data also impedes the ability to create a national strategy for supply chain efficiency.
- **Inadequate network performance data:** Key network performance metrics, such as delays, utilisation rates, and the impact of bottlenecks, are either underreported or unavailable. Reliable data on these metrics is essential for understanding where inefficiencies lie and for making informed infrastructure investment decisions.
- **Fragmented rail freight data:** Rail freight data remains fragmented, with no centralised source of information to provide a clear picture of how rail networks are performing. This makes it challenging to plan for the efficient movement of goods by rail, identify opportunities for rail modal shift, and address capacity issues.

  Moreover, there is often a limited understanding of rail freight operations, which can lead to misinterpretation of data and incorrect assumptions. For example, a steel train running from Wollongong to Melbourne via Sydney, rather than the direct Moss Vale route through Robertson, might seem inefficient at first glance. However, the Sydney route is flatter, allowing the train to carry almost double the payload, making it the more operationally viable option.
- **Emissions data:** There is a significant gap in data on freight-related emissions. This deficiency makes it difficult for Australia to measure its progress towards decarbonisation targets and to design policies that promote low-emission freight vehicles or alternative, more sustainable modes of transport like rail. Without comprehensive emissions data, policy-makers cannot effectively target areas for improvement or support a transition to greener freight options.
- **Uneven access to predictive tools:** Larger organisations have access to advanced predictive analytics and forecasting tools to model future freight demand, while smaller operators often rely on historical data and manual methods. This disparity limits the ability of smaller companies to compete and respond to disruptions in real-time. Live data—such as traffic disruptions, planned maintenance work, and port delays—shared across all stakeholders and states, would help level the playing field and enhance the overall resilience of the freight system.

2. **Acknowledging that commercially sensitive data and personal data must be protected, what data would you find particularly helpful to have access to in your operations?**

ALC would find it beneficial to have access to:

- Real-time network utilisation data for road, rail, and port interactions.
- Freight capacity data on key transport corridors, especially during peak hours.

- Predictive maintenance schedules for infrastructure, including roadworks and rail maintenance.

3. **Would further information sharing between others in your freight logistics chain be useful?**

Yes, ALC supports enhanced information sharing across the freight logistics chain, especially between infrastructure managers and operators. A collaborative, government-led platform for data exchange would streamline planning, coordination, and optimisation across road, rail, and port operations. Additionally, greater sharing between Commonwealth, state, and local governments—which often hold valuable data but fail to effectively collaborate—would further enhance the overall freight system.

4. **What is your view on the use of telemetry data by the NSW Government for transport planning, investment and management purposes? Would you be opposed to making telemetry use and reporting mandatory?**

ALC supports the use of telematics data for transport planning and network optimisation. Telematics provides important insights into vehicle movement, speed, and congestion points, which can inform better infrastructure investments and policy decisions. We agree that making telematics reporting mandatory could be beneficial, provided:

- **Scope of data request:** The extent and type of data required must be clearly defined.
- **Reporting standards and interoperability:** Standardised frameworks for data reporting should be implemented to ensure consistency and to ensure systems are compatible across platforms.
- **Time, cost, and administrative overhead:** The cost burden of implementing and maintaining telematics systems is minimised, particularly for smaller operators. Subsidies or incentives for installing telematics systems should be considered.
- **Commercial sensitivities and Cybersecurity:** Privacy concerns are addressed through anonymisation of data and measures must be in place to protect data security and integrity.

3.8 Strategic Planning and Industrial Land

1. **Will the proposed changes to planning policies and guidelines, to embed freight as a utility and prioritise a focus on industrial land assist in addressing your current operational challenges?**

Yes, the proposed changes to embed freight as a utility and prioritise industrial land will help address significant operational challenges. Recognising freight as an essential utility could elevate its status within urban and industrial planning, ensuring logistics operations are considered early and systematically.

2. **What aspects of the system do you believe should be incorporated in an overarching NSW Government master plan? What role does local government play in this master plan?**

The overarching NSW Government master plan should include:

- Integrated land-use planning for industrial zones and freight corridors.
- Policies for the development of intermodal hubs.
- Infrastructure to support off-peak freight operations.
- Revisiting the Strategic Business Case for the Maldon-Dombarton Rail Line. Direction 3.8.2-9 should clarify that lines connecting the Illawarra to Sydney may need to be shared initially, with room for dedicated freight lines in the future.

3. **Are there particular issues that should be considered in relation to Western Sydney Freight Line and Mamre Road Industrial Precinct to get the best outcomes for the state?**

To achieve the best outcomes for the state in relation to the Western Sydney Freight Line and Mamre Road Industrial Precinct, several critical issues need to be addressed:

- **Preservation for 24-Hour Freight Operations:** These areas are vital to NSW's freight infrastructure, and policies must ensure they are protected from urban encroachment and rezoning that could restrict freight activities. Preserving the Western Sydney Freight Line and Mamre Road Industrial Precinct for 24-hour freight operations is pivotal to optimising the efficiency of off-peak freight movements, reducing congestion, and maintaining smooth supply chain operations.
- **Infrastructure Capacity and Future-Proofing:** With freight volumes expected to increase significantly, particularly in Western Sydney, it is essential that the Western Sydney Freight Line and its surrounding infrastructure are future-proofed. Investments should focus on building a resilient, high-capacity rail network capable of handling growing demand. This includes ensuring rail infrastructure is designed to support longer trains, higher freight volumes, and increased resilience to disruptions, such as extreme weather.
- **Integration of Intermodal Hubs and Logistics Zones:** The Mamre Road Industrial Precinct should be developed in alignment with key intermodal terminals to maximize the benefits of seamless connections between rail and road. Co-locating warehousing and distribution centres with rail terminals will help reduce unnecessary truck movements, improve supply chain efficiency, and minimize environmental impacts. Supporting the development of intermodal hubs, such as the Moorebank Intermodal Terminal, will be key to ensuring efficient freight handling and distribution across the state.
- **Alignment with Broader State and National Freight Strategies:** The development of both the Western Sydney Freight Line and Mamre Road Industrial Precinct must align with broader NSW and national freight strategies. This includes ensuring strategic connectivity between Western Sydney, Port Botany, and other critical freight hubs. Integrating these developments into a nationally coordinated master freight plan will optimise state-wide and interstate freight flows, reducing bottlenecks and enhancing network efficiency.

4. Have your freight operations been impacted by retrospective changes to planning approvals by local government?

There are numerous instances where ALC members have faced challenges due to retrospective changes to planning approvals by government. A notable example occurred in 2011, when two of NSW Ports' tenants at Port Kembla submitted applications for Complying Development approvals for bulk liquid facilities. At the time, this was the appropriate and legislatively endorsed pathway for such developments.

However, on Friday, 12 November, the NSW Government unexpectedly gazetted amendments to the Three Ports State Environmental Planning Policy (SEPP), specifically altering the planning pathway for bulk liquid developments at Port Kembla. Despite prior assurances to NSW Ports that existing applications would be safeguarded, no transitional arrangements were put in place for projects already lodged.

As a result, the planning pathway for these developments shifted to Designated Development, requiring approval from the Minister for Planning. This change significantly increased the complexity, time, and cost involved in securing approvals for the projects.

By the time NSW Ports was informed of the amendment, the change had progressed too far to be reversed. Unfortunately, this led to one tenant withdrawing their investment in NSW entirely. The other tenant is only now beginning construction, delayed by more than three years due to the new approval requirements.

This case demonstrates the profound impact retrospective changes to planning approvals can have on freight operations and investor confidence, underscoring the importance of careful consideration and clear transitional arrangements in policy changes.

5. For the grain industry, are there particular considerations in relation to the optimum system for the movement of grain from farm to consumer?

The ALC acknowledges the NSW Freight Policy Reform's intent to review and potentially consolidate or close under-utilised rail lines to focus maintenance on priority networks. However, due to variable weather and grain harvests, grain line closures should be approached carefully to ensure that there is adequate understanding of data and the root cause underpinning why grain lines may not have been used in recent years. For example, flooding has caused temporary closures during peak periods, but these rail lines remain important.

4.1 Skills and Workforce

1. **Are there other actions government should take to support industry to address skills shortages in the freight sector?**

To address this, the government should take the following actions:

- **Standardisation of Driver Licensing:** The ALC supports efforts to standardise driver licensing across all states and territories, ensuring that qualifications are consistent, transferable, and aligned with industry needs. This would improve mobility for skilled workers and remove barriers for drivers who may need to work across state lines.
- **Investment in Training and Upskilling:** The government should partner with TAFE and industry stakeholders to create targeted national training programs for heavy vehicle drivers, rail operators, and logistics personnel. By working closely with the freight and logistics sectors, these programs can be tailored to address specific skill gaps, ensuring participants are job-ready upon completion. Programs should include technology training, given the increasing use of automation and telematics in logistics operations.
- **Attracting New Entrants:** One of the biggest barriers to addressing workforce shortages and demographic challenges, such as an ageing workforce, is the lack of awareness about career opportunities in the logistics sector. A national campaign promoting careers in logistics, with a focus on attracting younger talent and diverse groups, including women and underrepresented communities, is essential. Expanding initiatives like Wayfinder: Supply Chain Careers for Women, which is already supported by ALC members, would be a key step in increasing the participation of women in the sector and creating a more diverse and inclusive workforce.
- **Apprenticeships and Internship Schemes:** The government should introduce incentive programs for businesses to create apprenticeships and internships in freight transport, logistics and supply chain. These initiatives would help create a pipeline of talent, addressing long-term workforce needs while providing new entrants with hands-on experience.
- **Skilled Migration Policy Review:** The NSW Government should lobby the federal government to include key roles across the supply chain, freight transport, and logistics sectors—such as truck and train drivers, warehouse managers, logistics coordinators, and freight specialists—on the priority skilled migration list for fast-tracked visas. Currently, the list includes roles such as jewellery designers, yoga instructors, and martial arts instructors, but does not prioritise these essential supply chain and freight transport positions.

2. **Please let us know what action your business has taken to address your specific skills shortage issues**

- **Internal Upskilling Programs:** Many ALC member organisations have launched comprehensive internal upskilling initiatives aimed at developing a more versatile and skilled workforce. These programs not only focus on enhancing employees' current skills but also facilitate transitions into roles that are more difficult to fill. For example, administrative staff are being provided with heavy vehicle training to transition into truck driver positions, helping to address critical shortages.
- **Apprenticeship and Traineeship Initiatives:** Some ALC members are offering apprenticeships and traineeships. These initiatives target roles such as planners, heavy vehicle drivers, logistics coordinators, and warehouse managers, aiming to address long-term talent shortages.
- **Sponsorship of Wayfinder: Supply Chain Careers for Women:** To promote diversity and attract new entrants, ALC members have contributed to sponsoring Wayfinder: Supply Chain Careers for Women, a program designed to create pathways for women into logistics and supply chain careers. This initiative focuses on expanding opportunities for women and addressing gender imbalances within the industry.
- **Partnerships with Educational Institutions:** Some ALC members have partnered with TAFE, universities, and vocational training providers to offer specialised training programs and ensure that new entrants receive practical, job-ready skills aligned with industry needs.

3. **What steps can industry take together to address the skills and talent requirements?**

Industry has made significant efforts, but these efforts are often fragmented, limited in scope and the impact remains relatively small. Scaling these initiatives across the sector is essential to make a real difference.

- **Industry-Wide Awareness Campaign:** A coordinated national awareness campaign is critical to raise the profile of logistics careers and attract younger talent and diverse groups into the sector. Similar to successful campaigns in other industries, this would showcase the wide range of opportunities within logistics, from technology-driven roles to frontline positions like heavy vehicle drivers. This campaign should be industry-funded, targeting schools, universities, and broader audiences, and should include success stories and the benefits of working in logistics. NSW is well placed to lead this program.
- **Portability of Leave Entitlements:** The logistics sector could benefit from an industry-wide initiative allowing workers to transfer leave entitlements between companies, similar to what the mining industry has implemented. This would encourage workers to stay within the logistics sector, even if they switch employers, improving employee retention across the board. By recognising service within the industry, this initiative would incentivise workers to remain in logistics rather than leaving for other sectors, helping to maintain a more stable workforce.
- **Strategic workforce planning:** understand and plan for future workforce needs, ensuring skills supply meets industry demand.

5.3 Decarbonisation

1. **Please inform us about your current emissions reporting and how you expect this will change with new accounting standards.**

Many ALC members are already engaged in emissions reporting as part of broader sustainability initiatives, adhering to both national and international standards such as the National Greenhouse and Energy Reporting (NGER) scheme and the Global Reporting Initiative (GRI) In addition, in accordance with the National Greenhouse and Energy Reporting (Safeguard Mechanism) Rule 2015 ('Safeguard Rule'), many members submit annual production variables.

ALC members will report in alignment with the mandatory Australian Sustainability Reporting Standards (ASRS) requirements in the future. The main change with the new accounting standards is the mandatory requirement for the assurance of all the emissions.

2. **What plans (if any) are you implementing and considering for the future to lower your emissions?**

ALC members are taking proactive steps to reduce emissions, with both short-term initiatives and long-term strategies in place, including:

- **Transitioning to Low-Emission Vehicles:** Many organisations are introducing battery-electric vehicles (BEVs) and hydrogen fuel-cell trucks, particularly for short-haul and urban deliveries.
- **Energy Efficiency Measures:** Companies are investing in fuel efficiency technologies, such as route optimisation software and telematics, to reduce fuel consumption and overall emissions.
- **Renewable Energy:** Organisations are increasingly moving towards renewable energy sources for their facilities and warehouses, with several members installing solar panels and shifting to green electricity contracts to power their operations.
- **Intermodal Solutions:** There is a strong focus on increasing the use of rail freight, which has lower emissions compared to road transport.
- **Sustainability Roadmaps:** Some members have set net-zero targets in alignment with state and national climate goals. This includes the adoption of low-carbon fuels such as hydrogenated vegetable oil (HVO) and biogas, as well as ongoing research into alternative fuel technologies.

3. **What incentives or other changes are needed to enable you to shift from road to rail mode for at least some of your freight transport chain?**

To encourage a modal shift from road to rail, ALC recommends:

- **Infrastructure Investment and Upgrades:** Government investment in rail infrastructure is essential to making the shift viable. Improving rail network capacity and removing bottlenecks, such as outdated infrastructure and single-track sections, would enhance the efficiency of rail freight. This would reduce delays, improve reliability, and

increase the attractiveness of rail as a viable alternative to road. Additionally, ensuring better connections between rail hubs and industrial areas is necessary for achieving this shift.

- **Financial incentives:** Government support, such as subsidies or rebates, could be provided to offset the initial costs of transitioning to rail. This could include grants for the use of rail for specific routes, as well as funding for necessary infrastructure upgrades to accommodate rail freight.
- **Carbon credits and emissions reduction incentives:** As rail freight is significantly more carbon-efficient than road transport, introducing carbon credits or emissions-based incentives could drive a shift to rail, especially for businesses aiming to meet decarbonisation targets. This would make rail an attractive option for organisations looking to reduce their environmental impact.
- **Priority for rail freight on shared networks:** Policies that give priority access to rail freight on shared rail networks, especially during peak demand periods, would make rail transport more reliable and competitive.

4. **What is your view of a charge or tax that would be applied to all vehicle emissions?**

A charge or tax on all vehicle emissions, could play an important role in encouraging businesses to adopt cleaner, more sustainable transport solutions. However, for the logistics and freight sector, such a policy would need to be carefully designed to avoid significantly impacting the industry's costs and operations, or penalise a specific mode disproportionately.

In considering a charge or tax that would be applied to all vehicle emissions, it is essential to carefully assess its interaction with the existing Safeguard Mechanism. The Safeguard Mechanism already acts as a pseudo carbon price for large organisations. Overlaying a new carbon pricing mechanism could risk creating regulatory complexity and resistance from industries already covered by the Safeguard Mechanism. Therefore, if an emissions tax or charge is to be considered, it should replace the Safeguard Mechanism, not act as an additional layer.

It is critical that such a tax is phased in gradually and paired with incentives or subsidies that help businesses transition to cleaner technologies without being unduly burdened by immediate costs. If implemented, the revenue generated from the emissions tax should be reinvested into green infrastructure projects, such as developing charging and refuelling stations for electric and hydrogen-powered vehicles, as well as improving rail infrastructure to support the shift from road to rail.

Instead of a blanket tax, a more targeted approach, such as dynamic pricing based on time, location, or vehicle type, could be explored. For example, higher charges could apply during peak traffic hours or in urban areas where emissions have a greater environmental and public health impact.

It is important to highlight that such a system would need to be applied on a national scale. Introducing an emissions tax or charge solely in NSW could present significant regulatory and economic challenges, as a state-specific approach may not integrate effectively with national markets and emissions reduction strategies.

6.4 Resilience

1. **Recognising network resilience is challenging given the scale of the network and range of potential disruptions, are there particular areas of focus beyond those identified that should be considered by governments to secure reliable freight movements?**

Governments should focus on:

- **Disaster-proofing critical freight corridors:** Key national and regional freight routes should be prioritised for resilience upgrades, including the use of advanced materials and construction techniques to ensure that roads, bridges, and rail lines can better withstand extreme weather events such as floods, bushfires, and storms. Strategic investment should be made in elevated roadways, flood-resistant rail lines, and robust drainage systems to mitigate the impact of future natural disasters.
- **Improving infrastructure resilience to climate change:** With climate-related disruptions becoming more frequent, governments must focus on upgrading existing infrastructure to handle increased climate volatility. This could include reinforcing bridges, culverts, and tunnels, as well as retrofitting rail and road infrastructure to endure harsher conditions. Investing in climate-adaptive technologies and construction practices will enhance the long-term durability of the network.
- **Building redundancy into freight networks:** Governments should identify alternative routes or develop redundant infrastructure to ensure continuity of freight operations when primary routes are disrupted. This includes creating

secondary freight corridors and enhanced rail connectivity between key logistics hubs, allowing goods to be rerouted quickly in the event of a disruption. Regional areas, in particular, need better connectivity to prevent isolation during adverse events.

- **Enhancing real-time monitoring and early warning systems:** Governments should invest in real-time monitoring technologies and early warning systems for key freight routes. This would allow for quicker responses to disruptions, reducing downtime and ensuring freight operators can make informed decisions about alternative routes or delay planning. The use of predictive analytics and AI-driven risk assessment tools can also help forecast vulnerabilities in the network and plan mitigation efforts before disruptions occur.

7.7 Pricing

1. **It is clear pricing and charging lacks consistency and transparency across the freight system. Are there issues other than those already identified that governments should consider in relation to network pricing?**

The ALC supports greater transparency and consistency in pricing across all freight modes. Current pricing frameworks often fail to reflect the true operational costs, such as road wear, congestion, and environmental impacts associated with freight movement. To ensure a fair and equitable system, it is important that pricing models be aligned with the user-pays principle, where operators contribute proportionally to the costs they impose on infrastructure and the environment.

One issue to consider is the lack of consistency in how different freight modes are charged. Road freight, rail, and sea freight are currently subject to vastly different pricing mechanisms, which distorts the market and discourages modal shift. A more integrated and harmonised pricing framework across all freight modes would promote efficiency and incentivise the use of more sustainable transport options, such as rail.

Additionally, the introduction of distance-based road charging for heavy vehicles requires careful consideration. While it could provide a fairer and more direct way of funding road infrastructure, it must be balanced to ensure that it does not undermine the competitiveness of the road freight sector, particularly for small operators and in regional areas where alternatives may not be viable. Moreover, any road charging system should be coupled with investments in alternative transport modes, such as rail, to provide operators with viable options that reduce reliance on road freight.

It is important to highlight that such a system would need to be applied on a national scale.

8.4 Port

1. **Are there other port policy matters that are essential for NSW Government to include in its plan for freight in NSW?**

The ALC agrees that Port Botany remains the state's primary container port, with ample capacity to meet growing freight demands. However, it is important to prioritise optimising existing infrastructure and maximising capacity utilisation at Port Botany. This includes improving landside access and addressing operational bottlenecks. Enhancing the coordination between stevedores, shipping lines, rail operators, and trucking companies can lead to significant efficiency gains. Real-time visibility into port operations and improved slot management systems can reduce waiting times for freight collection and delivery, easing congestion.

Ongoing investment in infrastructure that supports the efficient operation of ports, particularly rail connections and intermodal hubs, is essential. For instance, improving rail access through projects like the duplication of the Port Botany Rail Line will help reduce truck movements, ease congestion, and lower emissions. These efforts will also contribute to a more resilient and sustainable supply chain.

The preservation of industrial lands around ports is vital. The encroachment of residential developments into these areas creates logistical challenges and raises land costs, making it harder for logistics operators to remain close to ports. Implementing buffer zones and protecting industrial land from rezoning pressures will ensure that ports and surrounding logistics operations can expand to meet future demand.

9.5 Rail

1. **Issues impacting rail freight are varied and wide-ranging. Is there anything critical missing from the actions and directions that will inhibit rail modal shift?**

A key barrier to a successful rail modal shift is the lack of comprehensive coordination and interoperability across different networks, which significantly hampers the competitiveness of rail freight. Specifically, the absence of a cohesive and integrated national rail freight strategy, combined with fragmented regulatory frameworks and inconsistent technical and operational standards across jurisdictions, creates inefficiencies and increases costs. Overcoming these barriers requires a stronger focus on national harmonisation efforts and infrastructure master planning to ensure streamlined operations and cost-effective rail services.

Additionally, the current lack of effective rail service coordination, transparent data-sharing mechanisms, and dedicated rail freight infrastructure investments limits the ability to grow the sector. These gaps must be addressed to unlock the full potential of rail freight and to make it a more attractive option compared to road transport. Without tackling these critical issues, rail's share of freight movement will remain stagnant, inhibiting the desired modal shift.

We agree with the proposed solution to reduce the number of network managers.

Any review of the NSW rail network more broadly would need to carefully consider the definition of what is an 'under-utilised rail line'. There may be lines that are under-utilised by way of number of services, but that would provide a regular rail movement for specific commodities. Without careful consideration, this Action could reduce the use of rail in the State, which must be avoided.

2. **Are there particular performance measures that you consider appropriate for the rail network managers, rail infrastructure providers or rail freight operators?**

Appropriate performance measures should focus on improving visibility and accountability across the rail network. Key metrics could include real-time performance monitoring systems with public reporting on indicators such as delays, slot utilisation, capacity usage, and transit times. These metrics provide a transparent view of rail network performance, helping identify areas for improvement and increasing stakeholder confidence.

Network resilience and environmental impact measures are also critical. Performance indicators should track decarbonisation progress, energy efficiency, and the environmental benefits of rail over road transport. This will demonstrate rail's contribution to broader sustainability goals. Additionally, setting clear targets for increasing rail modal share in key freight corridors (e.g., at Port Botany) would help to measure success in shifting freight from road to rail and could serve as a benchmark for performance.

3. **Are there matters relating to implementation of the proposed actions and directions you would like the Panel to consider before finalising the recommended approach to addressing rail network issues?**

Several key considerations should guide the implementation of the proposed actions:

- **Improving stakeholder coordination** and addressing infrastructure bottlenecks must be prioritised. Long-term, strategic planning is also vital to ensure infrastructure investments—such as rail duplication projects—are effectively aligned with broader policy goals. To prevent duplication and fragmentation, it is critical that state and national policies are aligned, creating a cohesive framework for rail network development and operation.
- **Complementary Policies for Infrastructure Investments:** For successful implementation, infrastructure investments must be coupled with complementary policies, such as incentives for intermodal freight and the removal of regulatory constraints that currently hinder rail's competitiveness. This could include subsidies, dynamic pricing models, or other practical incentives that make rail a more attractive option for freight operators.
- **Capacity Constraints at Intermodal Terminals (IMTs):** Addressing capacity constraints at key IMTs, like Moorebank, is essential. If expansion is not possible due to residential encroachment, increasing the frequency of 600m rail shuttles to manage container flows is one potential solution. However, these shuttles must be optimised for two-way loading to efficiently transport export containers back to port terminals. The panel must assess whether this strategy can accommodate the projected 40% growth in Sydney's freight volumes or if additional infrastructure will be required to prevent bottlenecks.
- **Third-Party Access and Rail Network Management:** The Independent Pricing and Regulatory Tribunal (IPART) report on third-party access underscored the need for a single point of contact within the government to streamline rail freight operations. However, this has yet to be implemented. Currently, operators must navigate multiple entities, including TfNSW, TAHE, Sydney Trains, and ARTC, which often have conflicting priorities. This fragmented system hampers rail freight efficiency. Streamlining this process by removing one of these layers, as proposed in the review

of Country Rail Network (CRN) management, is a step in the right direction. A thorough economic study on the cost of these inefficiencies—both for the rail industry and broader economic and export opportunities—should also be considered.

- **Pathing and Slot Allocation:** The issue of slot allocation and pathway control needs urgent attention. Concerns have been raised about operators booking slots to maintain dominance, even if these slots are not fully utilised. This practice reduces network efficiency and limits access for other operators. The introduction of fair and transparent slot allocation mechanisms, coupled with penalties for unfulfilled slots, could significantly improve network efficiency. Dynamic pricing systems that discourage holding unused slots may also be an effective way to ensure optimal utilisation of rail capacity.

10.4 Road

1. **Are there particular road network restrictions that you consider warrant immediate prioritisation and public funding to address?**

Several road network restrictions across NSW require urgent attention and public funding to ensure the efficient movement of freight, reduce congestion, and support the state's growing freight task. The following areas have been identified through industry submissions as high-priority concerns:

- **Last-Mile Access and Urban Freight Routes:** Restrictions on last-mile access and delivery times are a critical issue, particularly in urban areas like Sydney. Heavy vehicle curfews, restrictions on access to key locations, and inadequate loading zones result in inefficiencies, increased operational costs, and delays. There is an immediate need to relax curfews particularly on zero-emission vehicles, promote flexible delivery windows, and expand urban freight-friendly zones to accommodate the growing demand for e-commerce and time-sensitive deliveries. Public funding should also be directed toward establishing more dedicated freight lanes or expanding access for freight vehicles outside peak passenger traffic hours.
- **Road Network Resilience and Climate Impact Mitigation:** Frequent extreme weather events have highlighted the vulnerability of NSW's road network, particularly in regional areas. Floods and bushfires have caused significant damage to key freight routes, such as those linking regional agricultural producers to ports. Building climate-resilient road infrastructure, including better drainage systems and elevated roadways in flood-prone areas, should be a top priority. Mapping road network vulnerabilities and investing in more resilient designs can prevent costly disruptions to the freight supply chain during adverse weather conditions.
- **Congestion on Major Freight Corridors:** The growing freight task is placing significant pressure on major freight corridors, particularly those connecting to key logistics hubs such as Port Botany, Sydney Airport, and the Greater Sydney area. Congestion on the M5 and M7 motorways, as well as other key arterial roads, has a direct impact on the timely movement of goods. Addressing these bottlenecks through road upgrades, expanding capacity, and investing in "smart motorways" with real-time traffic management systems should be a priority. The WestConnex project has already improved some areas, but further investment is needed to extend benefits across more freight routes.

  As identified in the Directions Report, the connection between the new M8 and Port Botany is a critical missing link in connecting Port Botany to the Sydney Motorway Network.
- Further enhancements in accessing Port Botany could be found through the Canal Road On and Off-ramps to the Sydney Gateway. These on-ramps (which are catered for in the design of Sydney Gateway) have the potential to remove heavy vehicle movements between the Cooks River Intermodal and Port Botany from the residential streets of Mascot.

  ALC therefore recommends including the Canal Road On and Off-ramps to the Action calling for the commencement of planning and delivery for particular road projects to enhance heavy vehicle access
- **Road Permit System and Harmonisation of Regulations:** The current heavy vehicle access permit system in NSW is seen as overly complex, causing unnecessary delays and administrative burden on operators. There is an urgent need to simplify the permit process and harmonise road access regulations across local councils and jurisdictions. Implementing a national automated access system and transitioning from a permit-based to a notice-based system would significantly improve the efficiency of road freight operations. Additionally, aligning vehicle mass and dimension limits with other states will facilitate smoother interstate freight movement.

- **Masterplans:** There is a need for a comprehensive master plan for freight that clearly outline the protection of industrial lands and ensures that these areas are safeguarded against future residential encroachment. It is essential that existing residential planning policies are reviewed and updated where necessary to align with new industrial land protection frameworks. Without such alignment, outdated residential policies could undermine efforts to secure the necessary space for freight and logistics operations. This review process should be a priority, particularly in regions where urban sprawl poses a direct threat to critical industrial zones near key freight corridors and ports. The master plans should include clear zoning protections, long-term industrial land use strategies, and buffer zones between industrial and residential developments to prevent conflicts. Moreover, governments should be cautious not to allow short-term residential development pressures to override long-term freight infrastructure needs. Incorporating these considerations into master plans with more detailed guidelines would strengthen the state's ability to resist inappropriate rezoning decisions.