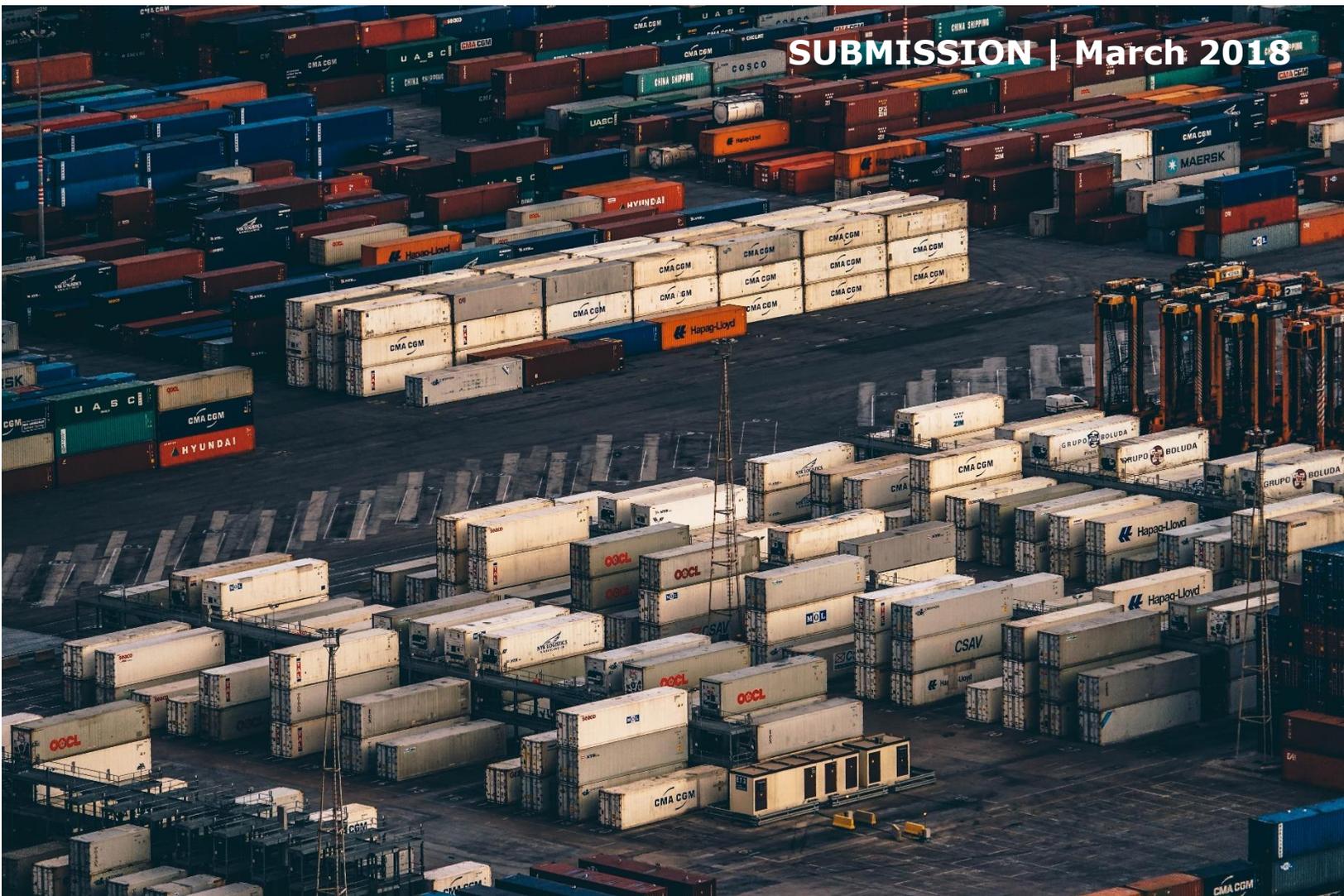


Draft Freight and Ports Plan



Contents

Introduction 3

Recommendations for NSW Government 4

Priority 1 Strengthen freight industry and government partnerships 6

Priority 2 Increase access for freight across the road and rail network 7

Priority 3 Protect existing freight precincts and ensure sufficient future land use 11

Priority 4 Facilitate introduction of technologies that reduce freight costs and impacts 11

Priority 5 Reduce the regulatory burden on industry 12

Priority 6 Ensure safe, efficient and sustainable freight access to places 14

Introduction

The NSW Business Chamber (the Chamber) welcomes the opportunity to provide a response to the *NSW Draft Freight and Ports Plan* (the Plan). The Chamber's submission is structured around the six priority action areas identified in the Plan and provides a number of recommendations.

The Chamber is one of Australia's largest business support groups, with a direct membership of more than 20,000 businesses and providing services to over 30,000 businesses each year. The Chamber works with businesses spanning all industry sectors including small, medium and large enterprises. Operating throughout a network in metropolitan and regional NSW, the Chamber represents the needs of business at a local, state and federal level.

Importance of freight to the NSW economy

Freight transportation is increasingly important in respect to industry and economic competitiveness. Freight and supporting logistical operations encompass the entire production process from manufacturing, packaging, delivery to the customer as well as reverse logistics for product returns, and waste disposal.

By 2031, it is projected the amount of freight travelling in NSW will nearly double. It is therefore critical that constraints on existing road and rail networks as well as access to and from ports are addressed. Currently these constraints, and lack integration between modes of transport, reduces the efficiency of freight connections between metro and regional NSW and key markets. It is vital that NSW agricultural, manufactured and mining products have efficient and effective freight access to markets and export facilities.

Estimates suggest transport and logistics costs currently reflect around 10 per cent of the final cost of a product, it is important that ways to improve the efficiency of the freight task are not only identified but acted upon. To this end, freight needs to be a key focus of further investment in new infrastructure over the next 40 years.

While the Chamber welcomes the release of the Plan, we maintain the Plan should go further in respect to:

- Emphasising the need for stronger local/state co-ordination and governance arrangements for freight.
- Developing a freight strategy that specifies how freight demand will be balanced against competing demands from the transport network.
- Identification of targets and measures to assess NSW freight performance and competitiveness.
- Delivering a finalised investigation report before March 2019 on each of the 0-10 year initiatives identified for investigation.

These points should be addressed in the final Plan. The Chamber's recommendations to inform the final Plan are set out in this submission.

Recommendations

1. A review of the *NSW Government Guide to Cost –Benefit Analysis* should be undertaken to ensure it adequately captures the breadth of benefits to from significant infrastructure investment, particularly those that might be associated with regional locations.
2. The Plan should provide clearer guidance on how the NSW Government will collaborate with local councils to adopt a holistic approach to the movement of freight and remove restrictions on off-peak freight movements or the transportation of certain goods on freight roads.
3. A detailed study of options to encourage innovation, coordination and remove constraints in last mile freight delivery.
4. Collaboration with CSIRO's Data61 to develop a technology plan to improve data collection from all users, the private sector and government across all transport modes (road, rail, sea and air). This information may be used for a variety of purposes including safety, maintenance and investment planning.
5. Support harmonisation of state-based regulations and through the COAG Transport and Infrastructure Council, work to repeal NSW State laws that could be more relevantly applied under the National Heavy Vehicle National Laws.
6. Develop an additional regional classification to recognise the significance of regional economic centres.
7. Undertake a review of current taxation and competitive neutrality arrangements across all modes of freight transport.
8. Develop performance based metrics for the freight sector instead of prescriptive regulations. Develop performance targets to measure NSW freight performance against interstate and relevant international competitors.
9. Accelerate the completion of the *Fixing Country Roads*, *Fixing Country Rail* and *Bridges for the Bush* programs. In addition, the NSW Government should commit to providing a finalised investigation report before March 2019 on each of the 0-10 Year initiatives identified for investigation.
10. Natural disaster planning and contingency measures need to be incorporated in the Plan to ensure freight transportation schedules are not compromised in such events.



Priority 1 - Strengthen freight industry and government partnerships

The NSW Government plays a key role in infrastructure investment in freight and this is appropriate in cases where projects have a positive cost benefit analysis (taking into account economic benefits as well as broader social and environmental benefits) and generate positive outcomes for the State.

The NSW approach to funding design for freight projects is, however, at times relatively ad hoc. Projects are funded by either taxpayers or users but there is limited scope to apply innovative options. There are significant opportunities in taking new approaches to freight investment not least of which is to minimise the impact on the NSW Government balance sheet and generate a revenue stream and financial return for potential private sector investor(s). Accordingly, the Chamber recommends the NSW Government continue to work with the newly established Infrastructure and Project Financing Agency (IPFA) to examine innovative financing options for future projects.

The IPFA’s role is to provide independent commercial and financial advice to support the delivery of the Australian Government infrastructure projects, in other words to be more ‘business like’. The new agency has already indicated it will consider Western Sydney Rail with the NSW Government to examine funding options to unlock growth around the new Western Sydney Airport¹.

The NSW Government should also encourage the private sector to fund and finance infrastructure projects where appropriate. The Unsolicited Proposals process in NSW (also advocated by IPFA) provides an example of how the private sector might be encouraged to submit project proposals to deliver significant infrastructure projects. Without this process, it is unlikely the NorthConnex² project would have been commissioned for completion by 2019, removing 5,000 freight trucks off main passenger roads each day. The NorthConnex link of the M1 to the M2 will be a significant improvement in road connectivity between the Hunter and Sydney, particularly to the manufacturing businesses in northern and western Sydney.

¹ <https://ministers.pmc.gov.au/taylor/2017/federal-government-needs-be-active-infrastructure-investor>
² <http://www.rms.nsw.gov.au/about/news-events/news/ministerial/2015/150202-northconnex-financial-close.pdf>

Benefit Cost Ratio (BCR) assessment

Decisions around infrastructure investment should be governed by good cost-benefit analysis.

Often there are information/data deficiencies in determining costs and benefits, which can result in projects being rejected. Addressing data gaps, particularly in respect to positive externalities would provide more effective and inclusive processes for assessing new projects.

The Legislative Council Standing Committee of the NSW Parliament has released a Discussion Paper in relation to its Inquiry into Regional Development and a Global Sydney. One of the major issues highlighted by the Committee was the need for better regional transport linkages for freight and passengers. The Inquiry found there was an urgent need for NSW to develop better transport linkages between Sydney and the regions, and from key infrastructure sites like airports and train stations into regional areas. Funding for these projects is determined against their capacity to satisfy overly conservative and restrictive Benefit Cost Ratio (BCR) assessments.

The Chamber maintains there is a need to review the conservatism applied by governments in respect to the use of BCR assessments, particularly as applied to the assessment of regional infrastructure proposals. Existing NSW Government definitions are inconsistent across programs and restrict the potential of securing Australian Government and or private sector funding and investment.

In a regional context there is a need to look at broader economic impacts and benefit in the broader sense, this should include social impacts and benefits and the potential of investment to drive future regional employment and prosperity (positive externalities). The traditional disadvantages of scale and population size often discount the benefits and importance of regional investment.

To address these concerns, the NSW Treasury should undertake a review of its *NSW Government Guide to Cost –Benefit Analysis*³ to ensure it is optimally structured to capture the breadth of benefits to regions from infrastructure investment and where possible government funds are directed to projects that build capacity across NSW.

Recommendation 1: A review of the *NSW Government Guide to Cost –Benefit Analysis* should be undertaken to ensure it adequately captures the breadth of benefits to from significant infrastructure investment, particularly those that might be associated with regional locations.

³ https://www.treasury.nsw.gov.au/sites/default/files/2017-03/TPP17-03%20NSW%20Government%20Guide%20to%20Cost-Benefit%20Analysis%20-%20pdf_0.pdf

Priority 2 - Increase access for freight across the road and rail network

Shift more freight movements to off-peak periods

Shifting more freight to off-peak periods, where viable for businesses along the supply chain, should be supported as it will enable greater flexibility for businesses and transport companies while also helping to address congestion.

The timing of freight movements is based on a number of factors such as local regulations, product demand, and labour costs. The Chamber's members have identified local regulations restricting their operating times in certain areas as well the type of goods that can be transported. These regulations are causing significant negative impacts on their businesses.

For example, the Chamber has heard of a situation where the transportation of LPG gas bottles was constrained because a well-used freight road from the Port was re-classified with certain goods transportation restrictions because a local council had given authority for a large hardware business to locate on the road. This was done with no consideration of the freight movement impacts or consultation with affected stakeholders.

Recognising that these restrictions are often applied by local councils and in the case above, represent a failure to holistically plan and consult with stakeholders on freight movements, the NSW Government should update the Plan with clearer guidance about how it intends to work with local councils on this issue. Quantifying the cost of congestion that results from restrictive regulations will help to inform decision-making.

Recommendation 2: The Plan should provide clearer guidance on how the NSW Government will collaborate with local councils to adopt a holistic approach to the movement of freight and remove restrictions on off-peak freight movements or the transportation of certain goods on freight roads.

Foster intermodal terminal network development

Intermodal terminals (where road and rail intersect at dedicated warehouses) are critical to ensuring NSW can meet its rising freight challenge. The configuration of roads around our major ports and intermodal terminals limit the use of high productivity vehicles. This leads to a greater number of smaller vehicles on these roads.

Intermodal terminals are an important part of the freight network. Intermodal terminals in Sydney will help alleviate congestion around Port Botany and provide an access point closer to business in western Sydney. It will also remove trucks from the road which will help improve amenity and reduce congestion on motorways.

The Moorebank Intermodal freight terminal will assist in managing the future container capacity of Port Botany and reduce the number of trucks on Sydney roads by freighting containers by rail from the port to the terminal. Similarly, planning and investment for

Inland Rail is projected to cater for the increased freight task between Victoria, NSW and Queensland.

More of this vision, planning and investment is necessary to better manage our freight and supply chains, and for broader city planning. However, it is important the NSW Government works with terminal proponents to identify and address surrounding infrastructure needs. This is important for intermodal terminals already in existence or under development, including the Moorebank Intermodal Terminal, as well as intermodal terminals marked for the future such as Eastern Creek.

Intermodal terminals also play an important role in regional areas. The NSW Government should play a role in working with local councils and businesses to examine the potential locations for Intermodal Terminals in regional areas.

Enable separation of passenger and freight flows on the rail network

To help rail meet a greater share of the future freight task, investments to separate passenger and freight in congested areas should remain a priority. Sydney's rail network is already significantly congested, and given freight growth forecasts, this becomes more apparent. Rail infrastructure is a highly efficient mode for particular freight; therefore it is imperative that NSW explore opportunities to invest in rail networks which could provide more efficient and effective ways to move freight and reduce existing road and rail congestion.

Develop effective port growth plans to meet freight volume growth

The development of port growth plans is supported as these will provide a long term strategy to guide investment decisions for ports. It will also help to provide business with greater certainty about the future role of the ports in helping to meet capacity. However, it should be noted a large portion of this work has already been undertaken by existing operators of NSW's major ports. Given the existence of these plans the NSW Government should focus efforts in this area on working closely with industry and port operators to ensure there is no unnecessary duplication.

The future of Glebe Island and White Bay should be incorporated into the final Plan. White Bay consists of four operating berths (berths 3 to 6) leased to P&O Ports, and two berths (berths 1 and 2) currently used as layup berths. The major commodities handled at these berths include containers and break bulk (timber, paper, steel etc.) cargoes. White Bay is serviced by road links and a dedicated freight rail line to Enfield and on to the metropolitan rail network.

Glebe Island has four berths (berths 1, 2, 7 and 8). Berths 1 and 2 form part of the 12 ha Glebe Island Motor Vehicle Terminal, a dedicated motor vehicle discharge facility with space for 5,000 vehicles. The terminal is leased by Australian Automotive Terminals Pty Ltd (AAT) who are developing the site into an extended specialised motor vehicle handling facility. AAT is a joint venture between P&O Ports and Patrick Autocare. Berth 7 is a dedicated dry

bulk berth and is currently used by Australian Cement Holdings to import bulk cement and by Sugar Australia to import bulk sugar on a common user basis. The berth is equipped with fixed shoreside cement and sugar receiving, storage and distribution infrastructure. Berth 8 is a dedicated dry bulk berth and is currently operated by Penrice Soda Products. It is primarily used for the storage and distribution of soda ash.

The Chamber supports the need for Glebe Island and White Bay to continue to operate so that Sydney Harbour remains a working harbour and further congestion does not arise on account of the need for alternate transport arrangements. Glebe Island and White Bay will facilitate barging operations required for the major transport infrastructure projects being undertaken in Sydney over the next decade.

Last mile freight

The NSW Government should undertake a detailed study of options to encourage innovation in the last mile of freight delivery. The rise of internet shopping has increased vehicles servicing the delivery needs of customers. This is in part also due to the return flow (or reverse logistics) of customers returning the product bought through the same channel. The emergence of multiple small scale suppliers means the centralisation and coordination of last mile freight has reduced whilst the number of vehicles carrying small loads has increased.

In the Sydney CBD and metropolitan areas, freight roads are increasingly subject to a range of competing priorities including servicing the needs of high density apartment living, the significant city shaping infrastructure spend, the need to ensure tourists have access to places of interest and a vibrant night time economy and ensuring the safe and reliable movement of goods and removal of waste. The NSW Government working with local metropolitan councils will have to consider options to address these competing priorities.

It would be prudent to consider how last mile freight coordination could be improved, particularly but not exclusively in the Sydney CBD which could include centralised small scale freight depots on the edge of cities.

Recommendation 3: A detailed study of options to encourage innovation, coordination and remove constraints in last mile freight delivery.

Aviation and the use of existing resources

The Chamber has been a key proponent of the new Western Sydney Airport located at Badgerys Creek and the associated plans for an Aerotropolis. However, the Plan should provide more detail on the role of existing airports.

The Chamber submits that there is still significant room for Sydney Airport to expand its freight capacity. Sydney Airport Corporation Limited's Master Plan outlines plans to reconfigure the terminals which will help spread peak demand. However, there still remain regulatory constraints inhibiting capacity at the airport. Raising the current movement cap

to 85 or more movements per hour and redressing the number of flights allowed in the shoulder curfew period will help to enhance capacity at Sydney Airport.

As well as maximising aircraft movement capacity, airport infrastructure such as large freight handling facilities, need to also be considered for their contribution to the efficiency of the freight network. Developing large freight handling facilities within or near airports helps to build capacity through processing greater volumes of freight and also doing so with increased efficiency. This is particularly important for lighter and high-value goods, which is the type of freight most commonly transported via air⁴.

Land use and transport planning around airports fall under the NSW Government's responsibility. There needs to be a clear plan in place for accessing airports in NSW as well as for zoning land in surrounding areas to attract businesses. Land use and planning restrictions are issues not only for Sydney Airport and the new Western Sydney Airport, but also for other airports such as Richmond and Bankstown. Given these locations will take on more aviation as demand for services increases co-ordination action needs to be undertaken. As an example, Bankstown Airport is currently considering the feasibility of expanding overnight freight operations to facilitate a dedicated larger freighter aircraft⁵. If such a change is made there needs to be appropriate land use and zoning changes to ensure greater freight volumes and associated activity can be accommodated.

These arrangements also operate at airports outside Sydney, such as Canberra and Newcastle Airports. Newcastle is likely to continue to grow to meet the passenger transport and freight needs of the surrounding region, and the NSW Government therefore needs to ensure transport links are adequate for projected aviation demand.

Canberra Airport has capacity to grow significantly. It could provide an overnight freight hub for NSW, therefore it is imperative its curfew-free status is maintained. Land use decisions made on surrounding land needs to ensure this will not force a curfew to be put in place, which would limit Canberra's freight potential.

The creation of an independent Western Sydney Airport Authority navigating through regulation associated with the three tiers of government is something that should be considered for other transport and freight infrastructure proposals.

Priority 3 - Protect existing freight precincts and ensure sufficient future land use

It is crucial that current and future strategic freight corridors are protected to ensure there is sufficient network capacity – on both road and rail –to meet NSW's growing freight task. Land use development should be carefully monitored and managed in and around these corridors to ensure the future viability of these corridors over the longer term. Freight bypasses of urban areas are the preference where possible to do so, however future land use will often compete with a number of priorities for use.

⁴ Deloitte Access Economics (2012) p. 18.

⁵ Deloitte Access Economics (2012) p. 18.

It is imperative that freight requirements are embedded in strategic and local planning documents. Urban encroachment is a significant barrier to the efficient operation of freight across NSW, particularly in Sydney, therefore there should be appropriate safeguards in the planning system to prevent this from happening in the future.

The NSW Government needs to ensure that freight considerations are a key component of the planning system. Planning authorities should also have adequate awareness, skills and knowledge to be cognisant of the needs of freight in their area, ensuring that zoning and access decisions deliver an optimal outcome. The freight industry and planning authorities need to be able to have an ongoing dialogue to be able to address both systemic and one-off issues in an efficient manner.

Priority 4 - Facilitate introduction of technologies that reduce freight costs and impacts

Cities must be positioned to take advantage of disruptive new technology in transport, communications and energy efficiency.

The Government needs to examine the extent to which new technologies can be used to improve the efficiency and effectiveness of infrastructure networks. This means regulators will need to be responsive to emerging technologies and new service delivery models. For example, the NSW Government's decision to permit Uber is an example of a regulator responding to an innovative new service. Governments will also need to ensure they are ready to respond to other technologies such as increased use of electric vehicles and driverless cars.

Governments should also examine how technology advancements can enable smarter use of infrastructure and therefore reduce the need for expensive capacity augmentation. For example, technologies which can capture time-of-use data at a reasonable cost can further enhance transport markets by making demand management mechanisms possible. The Chamber supports the NSW Government's commitment to increase the collection and analysis of performance data to measure and inform policies, as well as the increased release of non-sensitive public data to support private sector innovation of service delivery.

The Chamber understands the federal Government is releasing more non-sensitive public data to enable private sector innovation, and is using this data to improve service delivery and to inform policy. We note that it has committed to invest \$75 million in Data61 — a merger between the Commonwealth Scientific and Industrial Research Organisation (CSIRO) and National Information and Communications Technology Australia (NICTA) — to create Australia's largest data innovation group⁶.

⁶ The Australian Government's Response to Infrastructure Australia's Australian Infrastructure Plan November 2016, p 17.

Recommendation 4: Collaboration with CSIRO's Data61 to develop a technology plan to improve data collection from all users, the private sector and government across all transport modes (road, rail, sea and air). This information may be used for a variety of purposes including safety, maintenance and investment planning.

Priority 5 - Reduce the regulatory burden on industry

The current regulatory approach to freight transportation is largely through prescriptive regulations. For example, the National Transport Commission uses three main methods of regulation to protect public road infrastructure: road pricing, compliance and enforcement, and prescriptive standards for vehicle dimensions and masses.

The Chamber believes that a new approach should encompass the following elements:

- Performance and cooperative forms of regulation rather than prescriptive rules. This would allow transport operators more discretion about how they comply with obligations and reflect developments in technology in the freight industry and the growing focus on collaboration between stakeholders.
- Greater use of user funding models, particularly where they are used as part of an integrated Plan (for example examining relationships between tolls, registration fees and fuel excise taxes).
- A change in the overarching principle of regulation, from asset protection to improved social, economic and environmental outcomes from the freight transport sector. This will shift the focus of regulation from constraining the use of assets to optimising asset use (i.e. making assets more productive) and pursuing consistency between freight transport modes.

The NSW Government should continue to support the harmonisation of state-based regulations to improve the operating environment of transport and freight companies which operate in multiple jurisdictions. This will improve the economic performance of these companies by reducing compliance costs. For example, the NSW Government's commitment to work with the Victorian Government to foster a regulatory environment to support High Productivity Vehicle (HPV) use on the Hume Highway - the nation's busiest freight route.

The Chamber notes the National Heavy Vehicle National Law (HVNL) and regulations commenced in the Australian Capital Territory, New South Wales, Queensland, South Australia, Tasmania and Victoria on 10 February 2014. In addition to passing the HVNL, states and territories agreed to four regulations made under the national law, removing State responsibility and transferring it to a national regulator.

The National Heavy Vehicle Regulator (NHVR) manages the access of heavy vehicles to ensure a safe, efficient and sustainable road network for industry. Some aspects of heavy vehicle regulation remain as they were before the HVNL. Heavy vehicle registration, inspections, driver licensing and all matters related to the carriage of dangerous goods are still the responsibility of the relevant state and territory authorities.

As a member of the COAG Transport and Infrastructure Council, the NSW Government should work to repeal NSW laws that could be more relevantly applied under the NHVL thereby delivering a comprehensive range of services under a consistent regulatory framework.

This was achieved in the electricity and gas sectors with the repealing of several State based instruments in order to set up a National Energy Market with consistent rules and regulations. The NSW Government should not limit itself to safety related aspects of the NHVL but any components which would make more sense to be national.

The same could be applied to rail although we understand that national rail legislation only applies to safety being the *Rail Safety National Law (South Australia) Act 2012*. The NSW Government would have to take a proactive role in advocating for an expanded national rail law.

Recommendation 5: Support harmonisation of state-based regulations and through the COAG Transport and Infrastructure Council, work to repeal NSW State laws that could be more relevantly applied under the National Heavy Vehicle National Laws.

Regional classification

As noted earlier in the submission, uncertainty exists over which parts of the State are classified as regional and therefore eligible for funding for state and federal initiatives. As well as updated BCRs, the Chamber proposes an additional regional classification that recognises the significance of Major Regional Economic Centres. This classification would allow proposals for funding for areas like the Illawarra and the Hunter to be considered outside existing metropolitan assessments.

Recommendation 6: Develop an additional regional classification to recognise the significance of Regional Economic Centres.

Taxation and access charges- competitive neutrality

Taxation treatment in regards to rail, roads and port freight is not consistent. For example, roads used for freight transport are not subject to local government rates in terms of rateable land whereas freight rail lines are. In addition, international shipping companies are not subject to infrastructure contributions that domestic freight companies are required to make, for example through access charges. In order to support the principle of competitive neutrality, the NSW Government should ensure taxation and access charges are commensurate across all forms of freight transportation.

Recommendation 7: Undertake a review of current taxation and competitive neutrality arrangements across all modes of freight transport.

Priority 6- Ensure safe, efficient and sustainable freight access to places

Ensuring safety in the ports and freight industry is vital for the future of the industry. The initiatives underway at the COAG level to ensure nationally consistent legislation on safety issues is long overdue. Having consistent regulations will improve compliance while reducing compliance costs of businesses which operate in different jurisdictions.

This is particularly important for roads given the National Transport Commission estimates that only 10-20 per cent of the current and projected road freight task faces some competitive pressures from other modes of freight transport.

Road infrastructure and bridge characteristics vary across the State and nationally. While roads and bridges are classified into certain classes, setting prescriptive standards of use may not be appropriate as technology evolves. Performance based metrics for asset protection, safety and the environment may be more appropriate. This is because it encourages innovation in delivery methods and materials, promoting an efficient and competitive market.

For example, we understand several tyre manufacturers are exploring tyre technology that can shift its impact according to the road type, and are made from environmentally sustainable materials with noise reduction technology. A prescriptive standard may not accommodate innovation as standards are measured against a worse case performance scenario, where a tyre may be graded substantially for one class of road but with innovation can shift its performance to other road types as required.

As a complementary tool for performance based metrics, the NSW Government should also develop performance targets to measure NSW freight performance against our interstate competitors.

Recommendation 8: Develop performance based metrics for the freight sector instead of prescriptive regulations. Develop performance targets to measure NSW freight performance against interstate and relevant international competitors.

The NRMA Annual Funding Local Roads 2017 report highlighted an alarming \$1.96 billion shortfall in spending on basic maintenance, an increase of 13 per cent on the previous year. If the NSW Government is committed to safety on the roads for both freight and passenger use, it is vital that the *Fixing Country Roads*, *Fixing Country Rail* and *Bridges for the Bush* programs are accelerated to address this urgent issue.

Enabling infrastructure is a key to unlocking the potential for economic growth, jobs creation and increased housing supply and the Hunter and Illawarra provide a solution to the growing congestion in the Sydney Basin by shifting freight out of passenger roads. For example, there are at least two key freight related infrastructure projects which could be progressed in both the Hunter and Illawarra regions. These include:

Hunter region: Fassifern to Hexham freight by pass – benefits of improved access to the Port of Newcastle and improved passenger rail scheduling with freight trains removed from this section of the Hunter rail network. An amount of \$14 million was allocated in the 2016 State Budget towards planning and preconstruction works but needs to be prioritised as part of the Plan.

Illawarra region: Construction of the South West Illawarra Rail Link (SWIRL) as a freight and passenger line should be a priority project delivered within the next 10 years. The estimated cost is \$1.7 billion (2016-17 prices).

This rail link would improve connections between Port Kembla and Greater Sydney, improve connectivity between the Illawarra and Badgerys Creek and reduce congestion pressures on the existing South Coast Rail Line and the present road network.

Given current freight projections out of Port Kembla, the demand for freight services is expected to double over the next 20 years. At the same time, the expected growth in passenger demand is expected to limit the scope for expanding freight services. Very few additional passenger or freight slots are available on the South Coast Line without significant additional and a costly infrastructure investment. SWIRL is a solution.

In addition, the NSW Government should commit to provide a finalised investigation report before March 2019 on each of the 0-10 year initiatives identified for investigation.

Recommendation 9: Accelerate the completion of the *Fixing Country Roads, Fixing Country Rail* and *Bridges for the Bush* programs. In addition, the NSW Government should commit to delivering a finalised investigation report before March 2019 on each of the 0-10 year initiatives identified for investigation.

The Chamber notes that there is no reference in the Plan for natural disaster planning. Natural disasters such as the 2017 and 2018 bushfires near Narrabri would have forced the Inland Rail to be closed for two weeks, impacting freight movements. It will be important that freight transport infrastructure is planned to withstand natural disasters or provide an alternative route to ensure freight transportation schedules are not compromised in such events. The use of autonomous vehicles, with no passenger services would potentially provide advantages from a safety perspective in natural disaster scenario planning.

Recommendation 10: Natural disaster planning and contingency measures need to be incorporated in the Plan to ensure freight transportation schedules are not compromised in such events.

Chain of responsibility obligations

The chain of responsibility (COR) obligations were revised in 2016 to introduce a primary duty of care on all current chain of responsibility parties to ensure safety of road transport obligations.

This obligation impacts many small to medium sized businesses that receive or send freight in terms of their capacity to effectively risk assess and control for the obligation.

The Chamber understands the reforms removed several prescriptive obligations under the current HVNL with more flexible, performance based obligations. On one hand this is a commendable initiative, unfortunately the obligation may lead to unintended consequences for smaller freight businesses. For example, where a large freight company subcontracts with small freight providers, it may require it to undergo the company's own COR certification which may be at cost to the small freight provider. However, the same small freight provider may also have to do the same with other freight businesses with whom it subcontracts resulting in additional costs and duplication. In addition, there may be the potential for anti-competitive arrangements to emerge where preferential treatment is given to certain COR certification contractors.