

City of Sydney Submission to Transport for NSW's Freight Policy Reform: Interim Directions Paper



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Cover Image: The City's first electric truck at Dawes Point. Photo: Jennifer Leahy / City of Sydney

1. Introduction

1.1. Purpose of this document

This document provides the City of Sydney's ('City') submission to the NSW Government's Freight Policy Reform Program Interim Directions Paper ('Interim Directions Paper').

Transport for NSW is seeking feedback on the Interim Directions Paper. They have provided discussion questions to guide feedback, however not all of these need to be addressed or answered. This submission addresses those relevant.

The City's submission focuses on those elements important for a dense urban area such as the City of Sydney. It reflects the City's overarching Sustainable Sydney 2030-2050 suite of strategies and draws on the City's *CityPlan 2036* (Local Strategic Planning Statement), *Access Strategy and Action Plan* and *Electrification of Transport in the City Strategy and Action Plan*.

The submission reiterates several key issues, particularly the need to address the last kilometre of the supply chain as this has big impacts on communities, city centres and high streets in terms of congestion, space, and localised air and noise pollution, and is a growing element of the supply chain, and pricing, that were highlighted in the City's submission on the Transport for NSW's Freight Policy Reform Program Consultation Paper.

The submission also emphasises the need to safeguard key industrial lands, provides suggestions for a revised master plan and advocates for the actions related to transitioning freight vehicles to zero emission fleets to be more proactive.

The City thanks Transport for NSW for the opportunity to provide input into the policy reform.

1.2. Background

The Minister for Transport announced the Freight Policy Reform Program in January 2024 to determine a comprehensive strategic reform agenda and action plan to optimise freight transport in NSW, looking at the whole freight logistics chain from origin to end destination and establishing an Advisory Panel ('the Panel').

In April 2024, Transport for NSW released the Freight Policy Reform Consultation Paper. The Consultation Paper outlined the current freight task in NSW, the future changes expected to impact the freight task and issues needing consideration. The City made a submission (our reference 2024/320386).

The Interim Directions Paper

The Interim Directions Paper sets out the Panel's interim views on the way to progress freight reform in NSW following feedback from stakeholders on the Consultation Paper, providing 'immediate actions' along with 'directions' for areas that they are still determining a policy response for.

2. Strategic context

This section outlines key City strategies and positions relating to freight, delivery and servicing.

2.1. The City supports efficient freight, delivery and servicing

The City strongly supports efficient freight systems that deliver economic, environmental and social outcomes. The City understands the importance of supply chains that support the economic productivity of the City of Sydney, Greater Sydney and NSW. With significant building to occur, the construction transport component of the freight task is crucial in the City of Sydney. The City outlines its support for well-managed freight in a number of strategies, plans or policies, provided in summary below.

2.2. CityPlan 2036

CityPlan 2036 (Local Strategic Planning Statement) is the City's plan for managing growth, consistent with the NSW Government planning framework. It sets out a 20-year land use vision, balancing the need for housing and economic activity while protecting and enhancing local character, heritage, public places and the environment.

CityPlan 2036 reinforces the links between the NSW Government's strategic plans and the City's community strategic plan, Sustainable Sydney 2030-2050, and the planning controls that guide development in the City of Sydney.

A key priority of CityPlan 2036 is to protect industrial and urban services in the Southern Enterprise Area and evolving businesses in the Green Square-Mascot Strategic Centre. Priority P3 (p.168) states:

The Southern Enterprise Area in the Green Square/Mascot Strategic Centre comprises some of Sydney's most strategically located areas of business, industry and urban services. The area offers unique value from its locational efficiency close to the economic powerhouse of Central Sydney and the global gateways of Port Botany and Sydney Airport.

The role of the Southern Enterprise Area is to facilitate new businesses and industry opportunities, provide employment across a range of sectors, and make land available for key industrial activities and essential urban services [...]

Situated within the Eastern Economic Corridor and just three kilometres from Central Sydney, the Green Square-Mascot Strategic Centre, including the Southern Enterprise Area may accommodate up to 11,400 additional jobs by 2036 to meet the District Plan's baseline jobs target. It is two kilometres from Sydney Airport [...] Around 530,000 tonnes of freight passes through the airport, and it is a major generator of both direct and indirect jobs, many of which are located in the Enterprise Area. Also located just three kilometres to the south of the Strategic Centre is Port Botany, which is Australia's largest port by volume, handling over 2.5 million twenty-foot equivalent units (TEU) of freight.

Preserving these industrial/urban service lands in the Eastern Economic Corridor will make the future freight management task easier compared to opening up new industrial areas on Sydney's fringes.

2.3. Access Strategy and Action Plan

The City's Access Strategy and Action Plan – Continuing the Vision, adopted in 2023, outlines how the City will manage access and effective transport to create a sustainable city with initiatives such as supporting walking and cycling, light rail, electric buses, traffic calming and reducing speed limits. The Strategy and Action Plan has 10 key strategies, and 17 related actions including City-controlled actions, proposed collaborations with others including NSW Government, and direct advocacy to the Australian and NSW Governments.

It recognises the key importance of last kilometre/mile freight (the end of the supply chain) particularly efficiency, access and management. Action 10 '*Moving kerbside deliveries off-street over time*' responds to the importance of efficient and timely freight and deliveries in the city centre. The Action aims to '*increase off-street loading capacity to enable a progressive reduction of on-street loading in nearby streets, using the kerb space for other purposes while ensuring businesses retain access for their freight and servicing needs*' p.49).

In urban centres such as the Sydney city centre, freight and servicing has a major footprint, occupying much of the kerbside during the day. Access to these spaces is uncertain and competitive. The current system will not be able to maintain efficiency with the predicted growth of 100,000 new jobs in the area. The Strategy and Action Plan progresses the development of publicly accessible off-street loading and servicing hubs (Figure 1) along with advocating for Transport for NSW to explore options to improve the efficiency of kerb side loading zones (for example, booking systems). For over five years, Transport for NSW and the City have collaborated on an off-street freight hub at Goulburn Street. This has proven to be an efficient and effective model.

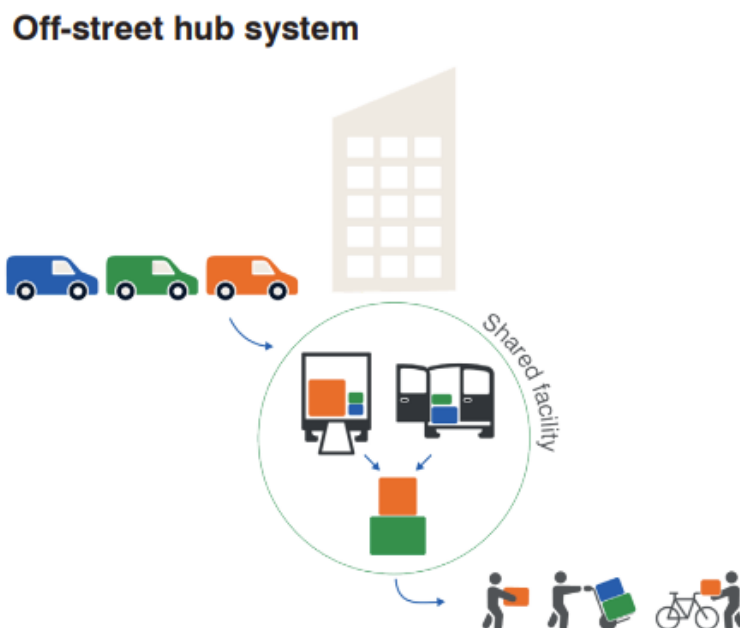


Figure 1 Off-street shared publicly accessible loading hub. Indicative only. Reference: City of Sydney / Access Strategy and Action Plan

2.4. Electrification of Transport in the City Strategy and Action Plan

The City's Electrification of Transport in the City Strategy and Action Plan, adopted 2023, outlines the City's overall approach to achieving net zero emission transport by 2035 providing a hierarchy of active, public and shared transport, while supporting electric vehicle charging options.

The Strategy and Action Plan has four (4) key strategies, and 21 related actions including City-controlled actions, proposed collaborations with others including NSW Government, and direct advocacy to the Australian and NSW Governments. The four (4) key strategies are:

- Creating a city for walking, cycling and public transport, supported by electric vehicles, is the best way we can facilitate a reduction in transport related emissions.
- Government pricing and policy that prioritises electric vehicles over conventional internal combustion vehicles.
- A transition that focuses on high impact transport fleets, those fleet with the biggest emissions and impacts on people on our streets – buses, delivery vehicles, taxis and service vehicles.
- Charging options in ways that protect the public realm.

Strategy 2.3 focusses on electrifying vehicle fleets which have the greatest impact on people in our area. These include fleets such as commercial (freight, delivery and servicing vehicles), public transport and point-to-point. The aim is to maximise emission reduction opportunities along with co-benefits such as reduced noise. The emissions impact of the often older, less clean service/delivery and public transport vehicles concentrates in our most economically valuable places, such as Sydney's global city centre.

The City expects that electrification will be easier to achieve in some sections of the full supply chain than others, due to scale, ownership and availability of incentives.

Action 10 of the Action Plan is '*Advocate that the NSW Government accelerates the transition of service and delivery vehicle fleets to electric vehicles, including the use of e-bikes and other micromobility modes.*'

3. Key recommendations

The City supports Transport for NSW's commitment to reforming the freight system to increase efficiencies, reduce the impact on urban centres and reduce emissions. We welcome the commitment to developing an action plan for policy reform. We support the integrated, whole of system approach articulated.

Many of the recommendations that the City provided on the Consultation paper have not been addressed. Some of these points/recommendations are reiterated here and in Section 4. Notably the management and impact of last kilometre freight and a proactive approach to zero carbon freight fleets have not been adequately addressed.

Key recommendations on the Immediate Actions and Directions included in the Interim Directions Paper include (in order of consultation questions):

- **Recommendation 1:** The NSW Freight Policy Reform should reinforce the importance of the 'retain and manage' policy for industrial lands more broadly, noting that there is already no available land for large-scale intermodal terminals in established areas of Sydney. Planning policies must safeguard industrial lands to ensure their long-term viability and adaptability to evolving operational needs.
- **Recommendation 2:** A revised masterplan should include a stronger emphasis on the retention of industrial lands, including the role of smaller sites for freight and distribution as well as the broader supply chain e.g. warehousing, along with a focus on the full supply chain, including the last kilometre in urban centres, and clear principles, guidance and funded actions that the NSW Government will lead in partnership with business, community and local government.
- **Recommendation 3:** The NSW Government should partner with Local Governments and businesses to develop last kilometre, shared and public loading facilities ('hubs') in appropriate centres, to facilitate micromobility fleet options for last mile delivery.
- **Recommendation 4:** The NSW Government, working with Local Governments and private developments, should ensure that the last stages of the supply chain are effectively considered to improve the effective functioning of freight task and reduce the impacts to place.
- **Recommendation 5:** The Freight Policy Reform Program, through the Immediate Actions and Directions in the Interim Directions Paper, needs a much greater focus on improving productivity and reducing inefficiencies in the freight system. This could include, for example, actions related to consolidated procurement and loads.
- **Recommendation 6:** The NSW Government needs to be much more proactive in reducing carbon emissions in the freight sector, including prioritising the transition of heavy fleet to zero emission fleets. The Immediate Actions and Directions in the Interim Directions Paper need to be much more detailed and stronger.
- **Recommendation 7:** The NSW Government should work with the Australian Government to develop road pricing and/or access charging schemes that facilitate access to urban centres consistent with government policy and assist the transition to zero emission vehicles and supply chains. These should not disincentivise the transition to zero emission freight vehicles.

- **Recommendation 8:** Any subsidies offered by the NSW Government to accelerate the transition of vehicles to zero carbon should include service and delivery vehicle fleets, including the use of e-bikes and other micromobility modes.
- **Recommendation 9:** The NSW Government's Freight Policy Reform framework, as it relates to roads, must reflect the adopted movement and place approach along with its Road User Space Allocation Policy to address the key economic, social and environmental challenges.

4. Response to discussion questions

This section provides the City's responses to the discussion questions incorporated in the Interim Directions Paper. The City's responses are structured around the discussion questions, however, only include those relevant to the City of Sydney.

4.1. 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?'

Data on the freight system that could assist in the planning and management of local roads and land use planning schemes would benefit local governments. This type of data includes, for example:

- Use of kerbside loading zones (type of use, length of stay, origin/destination)
 - Supply chain emissions
 - Number, distance travelled, origin/destination and route of delivery vehicles
 - Breakdown of freight commodities at an LGA or centre level.
 - Understanding of productivity / load efficiency of freight and delivery trips
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4.2. Strategic planning and industrial land

The Interim Directions Paper highlights the 'current lack of available industrial land in metropolitan Sydney.' It is important that industrial lands such as the Southern Enterprise Area in the Green Square/Mascot Strategic Centre (see page 4) are preserved to make future freight management task easier compared to opening up new industrial areas on Sydney's urban edges. There are numerous challenges in maintaining and protecting important employment and industrial lands in inner urban areas. These include demand for limited land, constrained road capacity and increasing competition for limited kerbside space (important in last kilometre freight), increasing demand for different land uses in industrial areas (such as creative industries) and pressure to rezone these areas to provide housing. See prior submission for more details.

'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?'

The proposed changes to freight planning policies and guidelines to embed freight as a utility and prioritise a focus on industrial land will assist in addressing the City's operational challenges. However, the main operational challenge facing the City, the increasing pressure on industrial lands, is now an even greater threat due to the housing crisis.

The concept of embedding freight as a utility is supported, however it is essential that this policy direction does not lead to further encroachment of residential uses into critical industrial precincts.

The Interim Directions Paper suggests mixed-use developments incorporating freight and other industrial activities, but such integration should be limited to zones where residential uses are already permitted, rather than expanding into employment zones. Employment zones must be/remain preserved for industrial activities, particularly in areas of national importance such as the lands surrounding Sydney Airport and Port Botany.

The City has long supported the retention of industrial lands to ensure flexibility in adapting to the evolving needs of industries. However, there is a growing risk of a shift in State Government policy. The August 2024 report by the NSW Productivity Commission suggests a policy shift from 'retain and manage' to 'review and manage,' introducing a significant risk of losing vital industrial land, especially in areas such as the Southern Enterprise Area in Alexandria.

The gradual expansion of permitted uses within industrial zones since 2017 has introduced additional pressure on industrial lands. Retail and office tenants have moved into formerly industrial spaces, benefitting from the separation from residential uses that industrial zones offer. However, this trend brings residential encroachment closer, exacerbating the challenges for freight operations and other industrial activities.

Well located sites in the City and close to main centres across Sydney more broadly are hard to embed freight infrastructure, particularly on sites with limited space. The example of Paris, with its urban logistics locations, may offer inspiration, but Sydney's unique geographic constraints and reliance on different transport modes mean any comparable strategy would require substantial planning.

This position is reflected in Recommendation 1 provided in Section 3 of this submission:

Recommendation 1: The NSW Freight Policy Reform should reinforce the importance of the 'retain and manage' policy for industrial lands more broadly, noting that there is already no available land for large-scale intermodal terminals in established areas of Sydney. Planning policies must safeguard industrial lands to ensure their long-term viability and adaptability to evolving operational needs.

While the City supports prioritising freight and retaining industrial land, stronger policy protections are needed to prevent the ongoing loss of industrial space. Without clear policies to prevent further residential encroachment, it will be increasingly difficult to meet the growing demand for freight infrastructure.

'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?'

Refer to Recommendation 2 provided in Section 3 of this submission:

Recommendation 2: A revised masterplan should include a stronger emphasis on the retention of industrial lands, including the role of smaller sites for freight and distribution as well as the broader supply chain e.g. warehousing, along with a focus on the full supply chain, including the last kilometre in urban centres, and clear principles, guidance and funded actions that the NSW Government will lead in partnership with business, community and local government.

The revised masterplan should include clear principles and guidance on embedding freight as a utility including:

- how it would integrate in an increasingly dense urban environment
- what a suitable site would look like in the context of Sydney
- what would the extent be – is there a minimum intensity of development that requires it
- are there planning constraints that limit it from occurring and if not why is it not occurring

- whether State Government intervention is required to enable its delivery due to feasibility constraints
- more detail on how the planning system and government assets could achieve this outcome.

The NSW Government should avoid proscribing standards or policies onto Local Governments as this generally results in poor outcomes once implemented. Local Government is best placed to develop bespoke schemes to achieve agreed outcomes in their unique areas. Complex economic, land use and transport systems do not lend themselves to simplistic single issue or single mode solutions. Freight is a key element in urban systems. However, there are also other key elements such as housing, employment, social, community and health services, environment, access, place amongst others that need to be balanced. The focus in urban centres needs to be on people and exchange rather than specifying vehicles.

A revised master plan needs to engage with the 'last kilometre' of the freight system – this part of the system has a big impact on users and places. Road freight is expected to grow substantially (77 per cent between 2020 and 2050). Along with carbon, road freight results in noise and localised air pollution and requires substantial space. Freight is important to the effective function of our cities; however, it has a large impact on place.

Last kilometre freight is highly complex, with many individual movements, and includes major freight along with many small deliveries, all with varying timeframes and needs. Clear proactive planning and guidance is needed.

This is in line with Goal 4 'manage freight in key urban centres' of Transport for NSW's NSW Freight and Ports Plan, which outlines some possible actions to improved management of kerbside space such as retiming of freight and non-emergency servicing tasks, using alternative modes, urban consolidation centres and off-street facilities.

In dense urban environments many goods can be transported to their final destination by trollies/carts, cargo bikes and other micromobility modes and by small vehicles. The NSW Government has a key role to play in supporting shared and public loading facilities ('hubs') and lockers and other storage for deliveries to facilitate micromobility fleet options for last mile delivery. See the courier hub example at the Goulburn Street (page 4), where deliveries can be transferred from a van to a bike or walked to the final destination. These hubs reduce emissions and congestion by reducing the number of delivery vehicles circling.

Refer to Recommendation 3 provided in Section 3 of this submission:

Recommendation 3: The NSW Government should partner with Local Governments and businesses to develop last kilometre, shared and public loading facilities ('hubs'), in appropriate centres to facilitate micromobility fleet options for last mile delivery.

The NSW Government also has a key role to play in working with the private sector to develop Delivery and Servicing Plans to effectively and proactively manage the freight task associated with private developments. To this end, the NSW Government has developed guidance and a toolkit. The next stage and the effective implementation of these needs to be considered in a revised master plan.

Refer to Recommendation 4 provided in Section 3 of this submission:

Recommendation 4: The NSW Government, working with Local Governments and private developments, should ensure that the last stages of the supply chain are effectively considered to improve the effective functioning of freight task and reduce the impacts to place.

Some of these issues were mostly absent from the Consultation Paper and continue to have not been adequately addressed in the Interim Directions Paper.

4.3. Decarbonisation

The NSW Government should be proactive in reducing carbon emissions in the freight sector, including prioritising the transition of heavy fleet to zero emission fleets.

The City's target is to be net zero by 2035.

Many transport-related emissions, around 60 per cent in the City's area, come from non-residential transport. Support for this transition includes vehicle charging/refuelling, incentives and effective pricing.

The NSW Government also has a role to play in providing guidance to reduce inefficiencies in freight such as guidance on consolidated procurement and loads to reduce empty running and minimise the emissions associated with these vehicles, as well as improve congestion and productivity, efficiencies and competitiveness, particularly in the short term as more zero emission freight vehicles become available.

Refer to Recommendation 5 provided in Section 3 of this submission:

Recommendation 5: The Freight Policy Reform Program, through the Immediate Actions and Directions in the Interim Directions Paper, needs a much greater focus on improving productivity and reducing inefficiencies in the freight system. This could include, for example, actions related to consolidated procurement and loads.

Refer to Recommendation 6 provided in Section 3 of this submission:

Recommendation 6: The NSW Government needs to be much more proactive in reducing carbon emissions in the freight sector, including prioritising the transition of heavy fleet to zero emission fleets. The Immediate Actions and Directions in the Interim Directions Paper need to be much more detailed and stronger.

Comments on specific Immediate Actions and Directions provided in the Interim Directions Paper

The City supports in principle Immediate Action '1. *Identify how emissions data can be made readily available to industry and customers to enable the emission costs of chosen freight routes to be assessed, say in tonnes moved per kilometre.*' This will enable consumers to make informed decisions.

Immediate Action '2. *Identify what actions and incentives are needed to encourage the transition to zero emission and lower emissions vehicles and locomotives*' needs to be much stronger, particularly given the availability of zero carbon vehicles and the increasing focus on the tracking and reporting of emissions associated with the full supply chain.

Directions 2 states '*consider, with the Australian Government, imposing charges on vehicles to reflect the impact of carbon emissions.*' Road pricing and/or access charging schemes that facilitate access to urban centres consistent with government policy can assist the transition to net zero emissions. See Section 4.4 of this submission for more details.

Directions '4. *Oversee the delivery of fit for purpose recharging/refuelling infrastructure by both government and industry and ensure these are appropriately located on the freight transport chains.*' The City supports in principle the provision of appropriately located and sized public charging facilities including for freight vehicles.

Public charging (for freight and servicing vehicles) can be incorporated into last kilometre freight and servicing hubs.

4.4. Pricing

Refer to Recommendation 7 provided in Section 3 of this submission:

Recommendation 7: The NSW Government should work with the Australian Government to develop road pricing and/or access charging schemes that facilitate access to urban centres consistent with government policy and assist the transition to zero emission vehicles and supply chains. These should not disincentivise the transition to zero emission freight vehicles.

The City supports in principle a 'user-pays' and 'polluter pays' approach, with higher charges for modes with greater negative externalities. Pricing should not disincentivise freight vehicles being transitioned to zero emission fleets. Any road pricing mechanisms (such as road user charges) should make electric vehicles more attractive than internal combustion vehicles – especially for vehicles that spend the most time on the road network.

A Low Emissions Zone, or similar, in urban centres such as the Sydney city centre, where many taxis and service vehicles travel could incentivise operators to transition fleets to electric to reduce operating costs and assist in the City achieving net zero by 2035.

There is an opportunity for broader road pricing, incorporating motorway tolls into a more comprehensive system that focuses on distance travelled, congestion and emissions. It could encompass various parking charges, such as the NSW Parking Space Levy, to ensure a more coherent focus on travel demand management. Any subsidies or incentives for electric freight vehicles should also apply to electric freight bicycles, and other forms of electric micromobility.

Refer to Recommendation 8 provided in Section 3 of this submission:

Recommendation 8: Any subsidies offered by the NSW Government to accelerate the transition of vehicles to zero carbon should include service and delivery vehicle fleets, including the use of e-bikes and other micromobility modes.

Comments on specific Immediate Actions and Directions provided in the Interim Directions Paper

Immediate Action 1 *'Review current Transport local government funding strategies including the costs and benefits of introducing local government strategic freight plans to provide a more ground up approach to prioritising grant funding. This approach would also provide context for the development and implementation of the National Service Level Standards for local roads.'* This Action is unclear. Without being clear on the meaning of this Action, it would seem to have some major shortcomings. Any consideration of freight should be part of an integrated land use and transport planning process. It is unclear also how this Action would improve the efficiencies of freight access and productivity - there is a strong freight interface beyond local government boundaries.

Immediate Action 3 *'NSW Government to work with other jurisdictions to prioritise further efforts to expedite road pricing reform including the introduction of a distance-based charge for HLZEV as a first stage of a broader introduction of distance-based charging.'* This would disincentivise heavy vehicles from transitioning to zero emission vehicles. It would be more beneficial for emission reductions to set a distance-based charge for all vehicles to facilitate zero emission fleet vehicle uptake. Once a reasonable amount of zero emissions heavy vehicles are in the system this could be reconsidered. See comment above. Any road pricing mechanisms should make electric vehicles more attractive than internal combustion vehicles not discourage their uptake.

4.5. Port

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

The NSW Government should take steps to minimise the presence of port-related heavy vehicles along with heavy vehicles that do not have an origin/destination in the area on main roads in dense urban centres, including on the City's road network – except on the motorway network expressly developed to improve access to Port Botany. This may require changes to dangerous goods regulation, which may require Australian Government involvement. This was included in the City's submission on the Consultation Paper.

4.6. Rail

The NSW Government should provide the necessary investment in infrastructure and policy settings to make rail freight competitive for appropriate trips, along with increasing the capacity of the rail system wherever it is necessary for the freight and passenger tasks to coexist. This was included in the City's submission on the Consultation Paper.

4.7. Road

Road freight is, and will continue to be, an important component of the full supply chain, including in urban centres. The Interim Directions Paper needs much greater consideration of the management, efficiencies and impact (environmental, financial, place) of freight in urban areas.

The NSW Government following a movement and place approach has an adopted Road User Space Allocation Policy. It is important that the management and policy approach put forward by the NSW Government's Freight Policy Reform Program aligns with this.

Refer to Recommendation 9 provided in Section 3 of this submission:

Recommendation 9: The NSW Government's Freight Policy Reform framework, as it relates to roads, must reflect the adopted movement and place approach along with its Road User Space Allocation Policy to address the key economic, social and environmental challenges.

Comments on specific Immediate Actions and Directions provided in the Interim Directions Paper

Immediate Action 2. *'Commence planning and delivery to address key restrictions identified through heavy vehicle access prioritisation, including: [...] • the connection between the new M8 and Port Botany.'* If this connection was necessary, it should have been funded as a core part of WestConnex, given it was part of the justification.

