



NSW & ACT

**IPWEA**

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Dr Kerry Schott AO

Chair

Independent Advisory Panel

Transport for NSW Freight

Policy Reform Program

### **NSW FREIGHT POLICY REFORM PROGRAM**

Dear Dr Schott,

I write with regard to the NSW Governments Freight Policy Reform Program. Please find below a non-exhaustive list of comments from the Institute of Public Works Engineering Australasia (NSW & ACT) (the "Institute") in regards to this program.

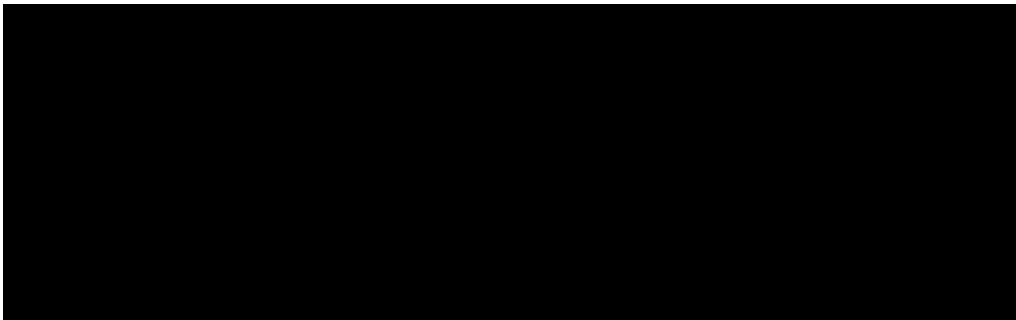
By way of background, the Institute has served the people of NSW for more than a century and stands as the leading professional association representing Public Works Professionals in NSW and ACT. With around 1000 members and Her Excellency the Governor of NSW as Patron, the Institute is dedicated to enhancing the quality of life of NSW communities.

The Institute has considered the Freight Policy Reform Consultation Paper and are pleased to submit views on the impacts of the future freight task on the local road network in terms of access, sustainability, funding, innovation and efficiency gains.

Thank you for the opportunity to submit our position to the panel. For more than 100 years the Institute has worked with Government to ensure public works across this state are carried out in the best interests of communities and taxpayers. The Institute would be pleased to present representatives of the Executive and Board to the panel should an opportunity arise.

If you have any further questions regarding this submission, please feel free to contact me.

Yours sincerely,



### **NSW Freight Policy Reform Program Submission**

The Panel has been asked to assist in developing guiding principles and policy about six general matters:

1. The role of the NSW Government and Australian Government and industry in making a step change in freight transport.
2. The major ports in NSW.
3. The road and rail networks.
4. The supporting metropolitan and regional intermodal terminals (IMTs) and other enabling transport infrastructure.
5. Considerations about freight in the identification and use of industrial land.
6. Embedding freight considerations into transport planning, prioritisation and investment.

#### **Discussion question one:**

**1a. In relation to the above six matters, are there particular aspects of policy that are causing challenges to your business operations or efficiency?**

One particular item of concern from the guiding principles relating to the six matters outlined above, is the lack of clear consideration of the role that local government plays in the freight task. It is noteworthy that in the freight policy reform paper, local government and NSW councils are mentioned roughly half a dozen times in 78 pages. This is despite over 85% of the NSW road network being managed by local government, along with sections of the state road network that are contracted to local government under maintenance agreements. As such, any consideration of the freight task in NSW should take a holistic approach, and include local government as a key stakeholder. IPWEA NSW & ACT acknowledges that there has been significant support provided by the NSW and Australian Governments in relation to improving freight on the local road network in recent years. Yet, what appears to be lacking is consideration of the local road network from a strategic perspective, and true collaboration with local councils to advance the efficiency of the overall freight task.

**1b. In relation to the above six matters, are there particular actions – short, medium or long-term, that you think the NSW Government alone or together with the Australian Government should take to support the efficient operations of your business?**

Following on from the response above, there are a number of actions that can be undertaken by the NSW and Australian Governments to support local councils in improving the freight task on the local road network. These include support for the development of local freight strategic plans, in alignment with state and federal priorities, including education on how best to develop these plans, along with support from State and Federal freight officers to best align these with NSW and National freight priorities. Additionally, increased funding for upgrading of key sections of the local road network identified as key first mile / last mile connections. The importance of these links will only increase as the freight task grows, and due to the current funding constraints being faced by local government, are not likely to improve without investment at a state and federal level.

#### **Discussion question two:**

**Do you have recommendations or issues to note about rail freight policy?**

IPWEA NSW & ACT are supportive of an overall shift in the freight task from road to rail in an effort to reduce the number of trucks on the local road network, improving road safety outcomes for the community, increasing public amenity, and decreasing the impact on road assets. We acknowledge that there will always remain a need for the use of sections of the local road network as a part of a multi-modal freight task, but believe that a more efficient, and cost effective rail network will result in the benefits outlined above. Of particular interest for our members in regional NSW are the benefits that can be realised through the ongoing roll out of the inland rail project. It is critical that this major infrastructure project is supported via effective intermodal facilities, and linkages to the wider NSW rail network. There are a number of regional rail links, e.g. the Werris Creek turning loop, that are currently underutilized, and which could serve as an alternative multi-modal option for freight from regional locations to major urban centres.

**Discussion question three:****Do you have recommendations or issues to note about ports?**

The expected growth in port trade will increase demand on the road and rail transport links to these locations. IPWEA NSW & ACT highlight the potential for increased movements on these links to impact the amenity of the local communities that live adjacent to them, particularly as they relate to noise, emissions, and the impact on local traffic. In planning for an increase in port freight volume, or associated transport links, consideration must be given to the impact on local amenity.

**Discussion question four:****Do you have recommendations or issues to note about road freight?**

The identification, preservation and improvement of key freight corridors is a critical requirement to meet the projected future road freight task. This includes the upgrading of existing freight corridors to ensure that they are capable of handling the increased volume of heavy vehicles, including shoulder widenings, overtaking lanes, and central median and should safety barriers. Additionally, corridor resilience needs to be considered in light of the expected increase in the frequency of natural disasters, and the key role that freight plays in servicing communities in times of need. The ancillary benefits to such activities can not be overstated, including the overall improvement in the safety of these sections of the road network for all road users, as well as the potential benefits from an environmental perspective of more efficient road freight movements leading to a reduction in average vehicle emissions.

IPWEA NSW & ACT are strong advocates for road funding reform. The current base funding model for the local road network is unsustainable, and relies on state and federal government grants to 'top-up' the base funding. Many of the state and government grants create a significant administration burden for council officers, and are typically administered under a competitive process, which discourages collaboration between councils. Additionally, competitive grants tend to favour larger, better resourced councils, which creates an inequitable distribution of road funding for smaller, more remote councils, who are often in greater need of this funding. Research undertaken by the NSW Roads and Transport Directorate indicates that the current funding arrangements are not sufficient to maintain local road assets to an acceptable standard and that there is a \$680M shortfall in funding per annum. If the local road network is going to keep pace with expected future freight demand, a more sustainable funding model, with an increase in baseload funding, a reduction in competitive grants, and a more equitable distribution of funds based on need, is essential to achieve this growth.

In terms of how this funding can be sourced, road user charging presents the most equitable, sustainable model to achieve this, particularly in light of the shift to zero emission heavy vehicles and the overall reduction in income from the fuel excise. Road user charging would ensure that the costs of using the road, in terms of their impact on road assets, would be recouped from the road users, and distributed to the appropriate road manager. Such a system could also be used as a mechanism to encourage a greater mode shift from road to rail, through the strategic application of additional charges and levies.

**Discussion question five:****Do you have recommendations or issues to note about decarbonisation or changing technology?**

IPWEA NSW & ACT are aware of the push towards zero emission heavy vehicles as a means of reducing overall vehicle carbon emissions. We also note that these vehicles are expected to have higher total masses as a result of the additional weight of batteries or fuel cells, and that this will lead to an overall increase in axle loadings. The impact that this will have on the longevity of road pavements cannot be overstated, particularly for local roads that are used for first mile / last mile delivery, or for seasonal harvesting activities. We are supportive of efforts to minimize the increase in overall axle loadings, particularly over the steer axle. If this is not achievable, significant investment will be required to upgrade the pavement strength of sections of the local road network in order to ensure they are capable of handling zero emission heavy vehicles.

We also note that the transition towards zero emission vehicles will see a reduction in funding received by governments via the fuel excise. As such, we are supportive of a move towards a road user charging model, whereby vehicle operators are charged for their usage of the road network on a per kilometer basis. This

would ensure that the revenue received via a road user charge system would be distributed to the managers of the roads directly impacted. This would result in an overall more equitable distribution of road funding. Monitoring of such a scheme would be made possible through the mandatory use of telematics tracking systems on all heavy vehicles. The use of telematics would also have ancillary benefits to road managers to assist with improved asset management planning, as well as route optimisation and efficiency improvement to freight operations.

**Discussion question six:**

**Do you have recommendations or issues to note about strategic land use planning and industrial land?**

In order to prepare for the future freight task, there is a need for greater collaboration between state and federal government agencies to streamline strategic land use planning processes, as well as a need for greater internal collaboration within these agencies between land-use planners and infrastructure managers such as engineers. The current process within NSW local government to justify the case for additional industrial land close to intermodal facilities is cumbersome, and results in communities missing out on the economic and efficiency gains that results in locating freight storage and distribution centres close to intermodal facilities. To fully realise the preferred hub and spoke distribution model this issue needs to be addressed, and should include support from the state government to local councils to help streamline the process.