

Background

The enclosed observations are informed from the author working across the freight, logistics and supply chain sector in the US, Europe, the UK, Japan, Australia and New Zealand over the last 30 years, and are intended to support the “Panels” task to address the questions asked of them by the NSW Minister of Transport in the Freight Policy Reform terms of reference.

They are captured at a relatively high level and will be embellished in conversation with the Panel.

Observations aligned to the Freight Policy Reform Panels Terms of Reference

1. The role of the NSW Government, Australian Government and industry in making a step change in freight transport

The Australian Government released Australia’s first **National Freight and Supply Chain Strategy** in 2019, following an inquiry undertaken in consultation with State and Territory governments and the freight, logistics, transport and supply chain sector.

The strategy was reviewed in 2023 and has the following proposed refreshed goals which provide an effective framework for reform at the national and local level:

- Decarbonising the freight and supply chain sector
- Improved efficiency, productivity and international competitiveness
- Safe, secure and resilient supply chains
- A fit for purpose regulatory environment
- A skilled, portable and adaptable workforce
- An informed understanding and acceptance of freight operations

The freight, logistics and supply chain sector has operated within its own swim lanes for decades and identified and called for the elevation of national priority and focus through the National Freight and Supply Chain Strategy, to more effectively engage across all tiers of government and achieve better informed, connected, system level outcomes and investments, in contrast to at best isolated and linear infrastructure, regulatory and planning decisions and investments.

Unfortunately, the first national strategy has not achieved these outcomes and access to data and engagement at the State level has been challenging at best. This is particularly important for NSW which sees around 80% of the surface movement of freight moving through its territory.

In order to achieve a desired step change, the following actions are offered for consideration noting that all will require engagement with **end users, developers, government agencies and the end to end supply chain industry to be effective**:

- NSW to provide strong national leadership recognising the scale of NSW operations and economic importance
- A need for a strong strategic vision for freight in NSW, aligned to that national vision and national investments including Inland Rail and Western Sydney International Airport
- A real commitment to the National Freight and Supply Chain Strategy and the associated actions, through a stronger more innovative NSW Freight, Logistics and Ports Strategy
- Better understanding of the future urban freight market and task (the largest growing task is the one we understand the least)

- Focus on Last Mile freight connectivity between Road and Rail and at IMT's and into urban centres
- An elevation in the importance of freight across the NSW Government agencies and particularly within TfNSW
- A clear engagement and understanding of the role and impact for NSW of Inland Rail
- Improved relationships with industry, the commonwealth, and other jurisdictions and increased agency knowledge of freight & logistics

Specific question:

Whether current organisational arrangements within Transport for NSW for freight policy, operations and industry engagement provide the appropriate level of influence and access to decision makers to drive reform?

Answer:

The profile and influence of freight across Transport for NSW and the other relevant government agencies is not appropriate to drive reform and suggested actions to address have been identified above.

2. The major ports in NSW

Australian ports are all exploring diversification strategies such as hydrogen, wind power and container handling, as well as ongoing automation and land side rail connectivity to improve productivity and competitiveness (against each other).

In order to achieve a desired step change, the following actions are offered for consideration noting that all will require engagement with **end users, developers, government agencies and the end to end supply chain industry to be effective:**

- A neutral port policy allowing the market to decide the future developments at ports
- A clear engagement and understanding of the role and impact of Inland Rail for the NSW system
- Protection of industrial land for future use and transport corridors to protect against encroachment and future curfews

Specific question:

The short, medium and long-term plans for the major port operators and potential impacts on port operations such as the changing coal task, consideration of the implications of Independent Pricing and Regulatory Tribunals (IPARTs) determination about the Port of Newcastle and potential development of a container port at Port of Newcastle, to identify the best transport outcomes, in particular road and rail connections, and public value for the people of NSW?

Answer:

To answer this question, there would need to be a far deeper understanding of how the current system operates and scenario modelling of possible future outcomes. These tools are not currently fit for purpose and require investment. This extends across all modes of transport.

3. The road and rail network

Modal shift from road to rail has been the long term goal for policy makers and indeed the rail industry. A lack of understanding of how the system works and what future planning scenarios could

look like supported with appropriate planning and regulatory measures has resulted in linear and not system planning, regulatory and investment choices.

In order to achieve a desired step change, the following actions are offered for consideration noting that all will require engagement with **end users, developers, government agencies and the end to end supply chain industry to be effective**:

- A clear engagement and understanding of the role and impact for NSW of Inland Rail
- Need for enhanced rail co-ordination to/from Port Botany with potentially a co-ordination entity to improve movement of rail to/from the ports which should be done before suggestions to change the design of rail services. i.e Don't prevent larger regional trains going into the port and transloading at IMT's until the system works better
- Need to retain a PBLIS type arrangement at Port Botany, but look to enhance/improve it to target better outcomes
- Improved rail modal share – Not just to/from Port Botany how can we shift the interstate task (Rail 2% of Mel-Syd)
- Develop an appropriate tool kit to understand how the system works now, in the future and effective choices for improved productivity, safety and decarbonisation

Specific question:

Whether the current rail freight policy framework is delivering on its objectives and remains fit for purpose in today's operating environment to deliver an effective rail network for the movement of goods?

Answer:

As above, the current approach is not working effectively and will not inform the best choices for decarbonisation, improved productivity and better safety outcomes.

Specific question:

Road freight priorities and opportunities to improve the network capacity and capability and increase the proportion of modern, safe, sustainable and productive vehicles operating on NSW roads?

Opportunities for sustainable road funding models that support the National Heavy Vehicle Road Reform including delivering more efficient and demand-driven pricing of road services?

Answer:

The current review of NSW Tolling being undertaken by Prof. Allan Fels AO has identified the challenges of not understanding how the transport system operates and the high costs for families and business operators.

A system level review is required to fully understand future options for system reform and a step change in the tools available to support this exercise.

4. The supporting metropolitan and regional intermodal terminals (IMTs) and other enabling transport infrastructure

As identified above the lack of overall system understanding is a major impediment to making longer term, system level choices.

In order to achieve a desired step change, the following actions are offered for consideration noting that all will require engagement with **end users, developers, government agencies and the end to end supply chain industry to be effective**:

- As identified above

5. Consideration of freight in the identification and use of industrial land

As Sydney grows, it is more important than ever to ensure that there is sufficient industrial land available to service the needs of the growing population, enabling Sydney to be home to high-value businesses and continue acting as a gateway to the world.

From servicing the needs of the local population, such as having close access to distribution centres, to ensuring there is sufficient land for future businesses, there is significant need for all levels of government to manage the demand for industrial lands considering growing pressures in the housing market.

Sydney's industrial landscape is facing a unique challenge, with industrial vacancy rates at an astonishingly low 0.2% in 2022 (according to CBRE data). High demand and limited space have driven up rents, creating a significant gap compared to other cities.

Sydney's geographical constraints, including the ocean and national parks, exacerbate the issue by pushing residential development into industrial areas, which further increases competition for the land in Western Sydney. Delays in industrial development approvals contribute to the problem as a shortage of skilled planners in local councils slows down the process.

In 2014, industrial space in Sydney, Brisbane and Perth all cost about the same, around \$120 per sqm. Since then, Sydney's industrial rents have increased by 25%, opening a large gap with other cities. According to forecasts by CBRE, this growth is set to continue, with annual increases in the range of 5% expected to continue for at least the next five years.

In order to achieve a desired step change, the following actions are offered for consideration noting that all will require engagement with **end users, developers, government agencies and the end to end supply chain industry to be effective**:

- Those actions under 1 above are fundamental to addressing the industrial land challenge
- A lack of integrated land use planning is still resulting in encroachment and curfew outcomes and their impact on productivity across the economy – this can be addressed with more deliberate joined up planning

Specific question:

How industrial land is being identified, used and valued and how land use planning can better accommodate the current and future needs of the supply chain as NSW grows?

Answer:

Please refer to suggestions above.

6. Embedding freight considerations into transport planning, prioritisation and investment decisions

As already identified, system level planning and modelling is currently not taking place.

In order to achieve a desired step change, the following actions are offered for consideration noting that all will require engagement with **end users, developers, government agencies and the end to end supply chain industry to be effective:**

- Need for additional investment and focus on Freight Data & analytics and Modelling. The freight evidence base is nowhere near where it needs to be, and TfNSW has made limited investment in resources and tools to improve this. Improvement needs to enable better decision making, enhance productivity (using what we have better), increased system resilience, and decarbonisation. Improved data is also a foundation for technology and innovation, and to enhanced visibility of supply chains.
- Western Sydney is one of the fastest growing regions in the country, however the development of job creating industrial zones has not kept pace. New developments, particularly in the outer Southwest of Sydney have been zoned almost entirely residential, with little consideration for industrial land and job creation
- Western Sydney opportunities, as well as those provided through a new international airport in 2026, needs to be seized more proactively with a systems approach to effective road and rail networks to support this significant economic opportunity

Specific question:

Whether current transport planning and investment processes adequately recognise the importance and value of freight for our industries and communities, including consideration of planning for urban freight and supply chain resilience?

Answer:

As already described, this is not fit for purpose.

Specific question:

Whether differing market design solutions are required for different rail tasks (e.g. containers to port, bulk to port, construction materials, interstate freight, intrastate freight) to support greater modal shift to rail, giving regard to the costs, benefits and public benefit associated with any proposed reforms?

Answer:

We do not have the tools nor systems understanding to answer these questions today.

Question:

How to optimise freight networks to support the growing freight task and better enable the safe, sustainable and productive movement of goods, ensuring an effective response to changing markets, the transition to net zero emissions and new and emerging technologies?

Answer:

We do not have the tools nor systems understanding to answer these questions today.