

04 October 2023

Submission in response to the Review of the National Freight and Supply Chain Strategy

Background

The Australian Rail Track Corporation (ARTC) is proud of the vital role we play in Australia's transport supply chain and in the economic development of the nation. As one of the country's largest Rail Infrastructure Managers, ARTC maintains and operates 8,500km of the national rail network across five states, managing the transit of around 450 trains per day across New South Wales, Victoria, Queensland, South Australia and Western Australia.

We employ more than 2,000 people and continue to invest in Australia's future prosperity and growth through the delivery of transport infrastructure projects which enhance the safety, reliability and efficiency of our rail network.

Each day our network transports intermodal containers, agricultural products, general freight and passenger services, as well as hundreds of thousands of tonnes of coal and minerals. We get freight off roads and reduce congestion, which improves our environment and increases the safety of motorists and local communities.

We continue to meet the changing needs of our customers and are committed to the health and safety of our people, the environment and the local communities in which we operate.

Introduction

ARTC welcomes the Australian Government's decision to bring forward the Review of the National Freight and Supply Chain Strategy (NFSCS). Since its establishment in 2019, the Strategy has played an important role in guiding a nationally coordinated approach to Australia's freight and supply chain. However, since this time and in light of multiple significant global factors, a number of gaps have been identified within the Strategy in regard to its delivery and goals, so an update is now critical.

The NFSCS presents laudable goals and priorities, however these are limited in addressing the most significant issues facing the freight and supply chain. They don't accurately reflect the impact and responsiveness to climate change, transport infrastructure resilience, decarbonisation and interoperability across transport modes – all of which are critical to deliver an efficient, productive and competitive supply chain that Australia needs.

Matters for Consideration

Updating of Goals and Priorities

Consistent with the Federal Government's views, ARTC strongly believes that the increased reality of the impacts of climate change has been the most significant development since the release of the NFSCS and accordingly should be a key goal that drives the Strategy. Network vulnerabilities to weather related impacts

(including fire and flood events) represent major threats to the resilience of Australia's railway networks and subsequently, the overall supply chain.

As recent flooding events in 2021 and 2022 demonstrate, extreme weather events are a leading cause of network outages and disruptions with major economic and social consequences. Much of Australia's transport infrastructure has been built using materials and methods designed for stable climatic condition, so ensuring infrastructure resilience should be a critical priority.

The impacts of these events are limiting the achievement / focus of many of the existing NFSCS goals, including safe, secure and sustainable operations, improved efficiency and international competitiveness, and innovative solutions to meet freight demand. Building resilient supply chains and necessary infrastructure that responds to climate change is essential to achieving the desired results of the NFSCS.

Policies and investment that are grounded in this focus will then enable a separate and targeted focus on productive and efficient supply chains, which covers existing goals focused on improved efficiency and international competitiveness, skilled and adaptable workforce, acceptance of freight operations, and fit for purpose regulatory environment.

Recommendation:

It is recommended that the NFSCS goals are reoriented to address:

- A focus on adaptation and responsiveness of freight and supply chains to climate change; and
- Delivery of productive and efficient supply chains.

The existing Strategy has a detailed focus on productive and efficient supply chains and accordingly ARTC is supportive of the initiatives that stem from this. The consideration on climate change adaptiveness in a new Strategy needs further elaboration through new / elevated priorities:

- Decarbonization of the freight supply chain;
- Delivering a resilient freight supply chain; and
- Managing the impacts of industry transition to a low emission future and the emergence of new supply chains.

Decarbonisation:

While the Federal Government has introduced various strategies and legislative changes to reduce Australia's carbon emissions, the most significant impact that the NFSCS can have on the decarbonisation of the economy is through the promotion of modal shift of freight deliveries from road to rail. The Government's existing policy levers of Australian Carbon Credit Unit Scheme and Safeguard Mechanism can be leveraged to focus on efficient and effective movement of freight, while aligning with the Government's Net Zero goals.

Resilience:

As previously outlined, the resilience of the supply chain networks is essential. In order to maximize modal shift opportunities, it is also critical that freight supply chains provide reliable and resilient service capabilities. The resilience of supply chain networks, including those of ARTC which have been significantly impacted, will enable secure operations that will build on our international competitiveness in meeting the demand of domestic and global economies.

Industry Transition:

While an infrastructure focus on responding to climate change impacts is key, the opportunities that arise from climate change should also be recognised and capitalised. Consideration should be given to the need

for new supply chains as new industries are developed, such as hydrogen, or existing industries needing to adapt to provide the raw materials required to deliver against a low emission future.

Recommendation:

It is recommended that the Strategy update the priorities to include additional items directly related to the inclusion of the new goal on climate change. It is therefore recommended that the NFSCS priorities are updated to address:

- Decarbonisation of the freight supply chain
- Delivering a resilient supply chain
- Managing the impacts of industry transition to a low emission future and the emergence of new supply chains.

Retaining of Critical Action Areas

The current NFSCS outlines four critical action areas:

- Smarter and targeted infrastructure investment;
- Enable improved supply chain efficiency;
- Better planning, coordination and regulation; and
- Better freight location and performance data.

ARTC believes that these remain the key enablers to the NFSCS as they apply broadly across all priorities rather than being explicitly linked to specific ones, so it is essential that these are retained in future versions of the NFSCS.

However, it is widely understood across the sector that there is a need for reform in the interoperability between networks and jurisdictions, as well as an overarching priority on ensuring that operating systems are effectively connected.

Interoperability reflects both the interaction between various modes across the supply chain as well as the need for national consistency within each mode. That is, a truly efficient supply chain requires each mode to interact with the other optimally, i.e. the connections between road, rail and port need to be designed to minimise the cost and time for transfer.

Within each mode, however, there is a need for significant improvements in consistency between networks and jurisdictions as well as an overarching priority on ensuring that operating systems are interoperable. In particular the development of modern, automated signalling systems that avoid a 21st century break of gauge issue is an imperative of any supply chain priority.

Considering this, ARTC would like to see the Critical Action Areas expanded to incorporate the issue of interoperability as this reflects the important issue of refining the technological interaction between different modes across the supply chain, as well as ensuring the effective interaction across networks within modes.

Recommendation:

It is recommended that the Critical Action Areas (CAA) of the NFSCS are retained, with the elevation of interoperability within the existing CAA to reflect the importance of the interconnectedness between modes across the chain as well as within modes.

It is therefore recommended that the CAA on supply chain efficient be updated accordingly:

- Enable improved and interoperable supply chain efficiency.

New Actions in the National Action Plan

In addition to the updating of goals and priorities, ARTC recommends the inclusion of specific new actions within a revised National Action Plan.

These include:

- Investment in the resilience of the rail network to counter the impacts caused by a changing climate.
 - This will ensure a more climate resilient rail network across Australia and minimise weather related disruptions of freight delivery to isolated locations such as Perth and Darwin, while also ensuring national supply chain consistency.
- Implementation of an appropriate mechanism that considers emissions benefit of modal shift and provides safeguard mechanism credits to rail freight facilities when there is an overall reduction of emissions.
 - The rail industry is working on the development of an objective mechanism, managed by the body responsible for national standards (Rail Industry Safety Standards Board) to address this action.
- The development of appropriate coordination and governance frameworks to oversee advancements in interoperability initiatives within and across transport modes / supply chain .
 - This action includes utilising an independent body (such as the NTC) to oversee developments (including on systems, standards and reporting) across modes and jurisdictions.
 - Interoperability of automated train management systems and development of a conditional rolling stock approval process should be initial priorities of this body.
- The development of a quality data set across the freight market to ensure that objective data informs analysis associated with investment and policy recommendations.
 - ARTC has been an industry leader in engaging and sharing data with BITRE, but the lack of road data significantly constrains the value of freight market analysis.
- Development of a framework that supports the identification of skills shortages and supports the planning, training and development of future skills requirements for the transport sector that is recognised across jurisdictions.
- Progress the recommendations of the Infrastructure Australia review as they relate to freight infrastructure investments to:
 - Create consistency, objectivity and certainty in infrastructure investment planning and assessment;
 - Ensure alignment, coordination and collaboration between Commonwealth and States on delivery of infrastructure priorities; and
 - Clarify the roles of different Commonwealth agencies in the planning, assessment and delivery of freight infrastructure.