ARA and FORG SUBMISSION

Review of the National Freight and Supply Chain Strategy

29 September 2023

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AUSTRALASIAN
RAILWAY
ASSOCIATION

FREIGHT
ON RAIL
GROUP

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The ARA and FORG

The Australasian Railway Association (ARA) is the peak body for the rail sector in Australia and New Zealand, and advocates for more than 220 member organisations across the industry. The ARA's freight membership encompasses rail freight operators, rail infrastructure managers, ports, terminal operators and other businesses in the sector. Freight member organisations include OneRail Australia, Pacific National, ARTC, Arc Infrastructure, Queensland Rail, TasRail, National Intermodal Company, Victrack, NSW Transport Asset Holding Entity, Port of Brisbane, Port of Melbourne, NSW Ports, Manildra Group, Rail First Asset Management, Downer, Queensland Transport and Logistics Council, GHD, as well as state transport departments.

Our membership covers every aspect of the rail industry, including the:

- passenger and freight operators that keep essential rail services moving;
- track owners, managers, and contractors that deliver a safe and efficient rail infrastructure network; and
- suppliers, manufacturers, and consultants that drive innovation, productivity, and efficiency in the rail industry.

The Freight on Rail Group (FORG) of Australia is a freight rail industry group established in August 2015 to engage with government and key stakeholders on major public policy issues.

FORG consists of Australia's nine major rail freight businesses: Pacific National, Australian Rail Track Corporation (ARTC), One Rail Australia, Aurizon, Qube Holdings, SCT Logistics, Arc Infrastructure, Watco Australia and Southern Shorthaul Railroad (SSR).

The ARA and FORG have strong working relationship and have agreed to collaborate to provide a joint submission to the Review of the National Freight and Supply Chain Strategy. This collaboration ensures that the following submission represents the view of the collective rail freight industry.

Both the ARA and FORG are committed contributing to a policy and regulatory environment that enables the ongoing development and operation of an efficient, integrated and sustainable freight transport sector, including an innovative and high performing rail freight industry. We believe this Review of the National Freight and Supply Chain Strategy is a timely and important process to ensure Australia can support a connected and thriving economy, with rail freight to play an increasingly important role.

The ARA and FORG thank the Department of Infrastructure, Transport, Regional Development, Communications and the Arts for the opportunity to provide this submission.

Background

The establishment of the National Freight and Supply Chain Strategy in 2019 was a major milestone for Australia. It represented the first time that governments at a federal and state/territory level had agreed to cooperate to develop a nationally coordinated, multi-modal approach to Australia's freight and supply chains.

Five years on and the Strategy's goals and priority action areas still remain relevant, however there are now additional factors that need to be considered. Since the Strategy was finalised there have been significant developments in Australia and globally that have reinforced the critical nature of freight and supply chains. These events, which have ranged from extreme weather events through to the COVID-19 pandemic, have highlighted the need to ensure this Strategy remains fit for purpose and effective in meeting our future freight and supply chain needs.

Issues such as infrastructure resilience, decarbonisation, and interoperability were not a key focus in 2019, whereas the events of the last several years have demonstrated the significance these issues will continue to have on our national freight and supply chains.

The ARA and FORG were both involved in the development of the Strategy and have remained involved in the actions, initiatives and consultations that have occurred throughout the Strategy's implementation to date. Whilst there has been some positive progress made, this Review provides an opportunity to further improve and refine the Strategy to ensure that it can deliver more meaningful and practical improvements.

We welcome the Australian Government's decision to bring forward the Review and we look forward to continuing to positively contribute to ensure the National Freight and Supply Chain Strategy provides an effective framework for Australia to meet its growing freight task.

Australia's Rail Freight Industry

Rail freight is critical for the Australian economy, directly contributing $5.28 billion to the economy in 2019, in addition to billions of dollars of in-direct economic contributions, all of which is essential for enabling the smooth running of modern supply chains.[1] Rail freight companies also employ more than 21,000 Australians across the country, operating more than 1,600 locomotives and 34,000 wagons serviced and maintained in Australia, and managing 23,000 kilometres of critical rail track connecting the country.

Latest estimates have projected that Australia's total domestic freight task will grow by 26 per cent between 2020 and 2050, increasing from around 756 billion tkm in 2020 to 964 billion tkm by 2050.[2] Rail freight carries the majority of Australia's freight task by net tonne kilometres and does so while being the lowest emitting of all the freight modes per tonne in CO_2 equivalent and PM10.

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[1] Value of Rail, ARA, 2020
[2] Australian aggregate freight forecasts, BITRE, 2022

In 2020, rail moved more than 433.2 billion net tonne kilometres of domestic freight, accounting for 56 per cent of Australia's national freight task.[3] This is more than road, sea, and air freight combined. While the majority of freight moved by rail is bulk freight, there is an opportunity to significantly increase rail freight's contribution to Australia's non-bulk freight task.

It is important to recognise that moving more freight by rail delivers significantly better outcomes for the community and should be a national priority. Rail freight produces 16 times less carbon pollution per tonne kilometre than road freight, accident costs associated with road freight are 20 times higher than rail, and rail freight generates 92 per cent less PM10 emissions than road freight. For every one per cent of the national freight task that moves to rail, society gains $72 million a year in benefits.[4]

The importance of Australian land-based supply chains and their value to the national economy became evident during the height of the COVID 19 pandemic, as well as extreme weather events resulting in infrastructure damage from flooding, wash-aways, and bushfires that occurred in recent years. Rail will continue to play an increasingly important role in strengthening our supply chains, however it must be optimised to enable the safe, reliable, and efficient delivery of commercial goods to support Australian families and businesses.

To ensure the reliability of rail freight and strengthen Australia's supply chains, urgent upgrades to large sections of our interstate and regional rail infrastructure are needed so they can withstand increasing extreme weather events. The impacts of flooding on the rail network have been significant in recent times and have highlighted the challenges of our ageing infrastructure.

Track closures and extensive speed restrictions due to poor track condition significantly impact service delivery and reliability, creating additional risks within the supply chain and significant reputational damage. This is exacerbated by the current lack of rail interoperability, which is detrimental to a strong supply chain. Developing a consistent approach across rail networks nationally would improve efficiency, reduce complexity and lead to a stronger national freight network and supply chain.

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[3] Australian aggregate freight forecasts, BITRE, 2022
[4] Value of Rail, ARA, 2020

Response to Discussion Paper

The following section outlines our responses to the key questions posed in the Discussion Paper, in line with the Terms of Reference for the Review.

Is the Strategy fit for purpose?

1. *Do the Strategy's current goals support the needs of the freight and supply chain sector moving forward?*

When the Strategy was released in 2019, it identified six overarching goals designed to guide government and industry in considering strategic priorities for freight policy, programs and investment.

The goals identified were:

- improved efficiency and international competitiveness
- safe, secure and sustainable operations
- a fit for purpose regulatory environment
- innovative solutions to meet freight demand
- a skilled and adaptable workforce
- an informed understanding and acceptance of freight operations

The ARA and FORG believe that these goals are still critically important to ensuring Australia's freight and supply chains allow efficient and effective delivery on the country's ever growing freight task, which is forecast to grow by 26 per cent by 2050. However, these goals do not recognise several significant emerging issues which will almost certainly impact the success of the Strategy.

2. *Should other goals be included in the Strategy, and if so, what?*

The following section provides information and context for updating the goals in the Strategy to appropriately recognise the issues of infrastructure resilience, decarbonisation, interoperability, and skills harmonisation. Specific recommendations are also provided on amending the Strategy's goals to incorporate these issues.

Resilience

Over the last three years we have witnessed the devastating impacts that severe weather events and flooding have had on communities around the country. These events have also heavily impacted the rail freight network and resulted in significant disruptions to our national supply chain.

The interconnectedness of rail to other freight modes is a critical factor for consideration. Rail plays an essential role in moving large amounts of freight around the country to both ports and intermodal terminals, where it is then transferred to either road or sea to reach its destination.

When these critical rail links are disrupted, the flow on effects to other modes and the broader supply chain is significant. Below are some examples of the real-world impacts experienced by supply chain businesses from weather related disruptions to rail infrastructure over the last 18 months.

- Critical supply shortages of basic pantry items and consumer goods in major supermarkets in Western Australia and the Northern Territory, with supermarkets forced to introduce buying limits on pasta, meat, frozen food, toilet paper and sanitary products.

- In NSW water utilities were faced with supply shortages for critical chemicals used in water treatment processes, which threatened the supply of clean water.

- There was a complete loss of rail access to and from Port Kembla for almost a month, cutting-off supply chains to and from BlueScope steel and Manildra's Bomaderry mill, and block access to export markets for grain producers in the NSW Riverina and Central West.

- The Shepparton derailment and Broken Hill flooding events, as well as outages in northern Western Australia and Northern Territory, severely impacted supply chain businesses reliant on this rail infrastructure. These events in particular resulted in significant community impacts and food security challenges.

- Rail outages caused by flooding resulted in Austrans customers experiencing 6 - 8 week delays on good being delivered, with a number of customers cancelling their contracts completely due to the impacts on their businesses.

- There were delays to critical international grain exports shipped from NSW ports due to the flooding that damaged the connecting rail infrastructure. This damage included a washaway on the Unanderra to Moss Vale line, which closed the line for 7 months and two separate washaways on the Blue Mountains closed the Main West line for over 6 weeks.

- Australian manufacturing facilities experienced significant challenges as a result of supplies being delayed due to rail line outages, with economic impacts felt by both Australian and international customers.

- In Whyalla, South Australia, Liberty Primary Steel lost approximately 90 days of rail access to transport structural streel and reinforcement products to key projects across the east coast of Australia. This resulted in considerable economic loss to the manufacturers, distributors, logistics partners, project owners, and communities.

- Interstate deliveries of steel products produced by InfraBuild, which are critical to the nation's ongoing infrastructure renewal and construction program, have been compromised numerous times over the past 18 months due the effects of ongoing weather-related rail outages.

To address these issues the ARA, in consultation with FORG, developed a Pre-Budget 2023-24 submission that sought to highlight the infrastructure challenges facing the rail industry and the need for the Australian Government to play a more pro-active role in improving the resilience of the national rail network.

A copy of the ARA's Pre-Budget submission is provided as an **Attachment**.

Infrastructure resilience is an issue that has come to the forefront for several industries in recent times and rail is no exception. The Australian rail industry has an overarching goal to improve Australia's productivity and help make rail the mode of choice in the national logistics supply chain, however this goal is becoming increasingly difficult due to the state of rail infrastructure.

It is critical that rail infrastructure managers (RIMs) be enabled to promote the greater use of rail by delivering a safe, more reliable and robust rail network which meets customer expectations and provides capacity for growth. Unfortunately, severe weather-related events are increasing in frequency, highlighting the need to improve the national freight rail network through a greater understanding of network vulnerabilities and plan for resilience improvements.

This issue is perhaps best highlighted by the major flooding event that impacted over 300km of ARTC's track between Crystal Brook and Kalgoorlie in January last year. The repair cost for the 18 sites impacted by this event alone was close to $40 million, however the direct economic cost was far greater, estimated at $320 million or $13 million per day. Importantly, this event has had a negative impact on rail operators, the reputation of RIMs and freight on rail more broadly, as well as having wider economic impacts. A **case study** on this event is provided on the following page.

This type of event highlights the growing importance of network resilience in the face of more extreme and frequent climatic events, in particular where areas are classified as critical network, with no, or poor alternative options.

Unfortunately, much of our rail freight infrastructure was built more than 100 years ago and was simply not constructed to modern design standards capable of withstanding the effects of climate change and increasingly extreme and frequent weather events. This has highlighted the need to improve the national freight rail network through a greater understanding of network vulnerabilities and plan for resilience improvements.

Industry efforts to-date have focused on measures to improve resilience but have largely been limited to reducing the probability of infrastructure failure. Future proofing rail supply chains will require concerted effort to identify, fund and deliver a program of rail infrastructure upgrades across the country which improve network redundancy, reliability and resistance, particularly in response to climate risk. The emphasis has to be on reducing whole of life costs, even where the upfront ask is higher.

The ARA's Pre-Budget submission identified six key projects (developed in consultation with major rail infrastructure managers) that would deliver the greatest value and impact to the national rail freight network over the longer term. These projects are focussed on improving rain and flood resilience, as well as enhancing redundancy to maintain operations in the event of network outages. Each project has undergone a high-level cost benefit analysis, and all demonstrate a positive economic return on investment.

It is not recommended that the National Freight and Supply Chain Strategy identify specific infrastructure projects for investment. Instead, it is recommended that the Strategy more strongly emphasise the need for infrastructure investment specifically targeted at improving the resilience of infrastructure. Investment in infrastructure resilience must be targeted at facilitating improvements to reliability and future productivity, both of which will strengthen the national supply chain.

> ### *Recommendation 1:*
> It is recommended that an additional goal be included in the National Freight and Supply Chain Strategy focused on **"enhanced resilience of critical transport infrastructure"**.

Case study: 2022 South Australia floods

The January 2022 flooding event which impacted over 300km of ARTC's track between Crystal Brook and Kalgoorlie underscored the urgent need for investment and decisions to improve the resilience of Australia's national rail freight corridors to secure national supply chains.

As a direct result of this flood event there was an unprecedented 24-day outage and coordinated repair operation which included 18 locations across 300km of track requiring major repairs which cost close to $40 million. Importantly, the network west of Crystal Brook has no alternative route, making goods that rely on this route particularly vulnerable in case of protracted outage. Rapid recovery of this line, in case of major damage, is also compromised by the relative absence of intermodal terminals that could be used to facilitate land-bridging if a section of track is compromised.

A snapshot of the event impacts is outlined below.

- 200mm of rainfall was recorded in a one-day period causing washouts and ballast scouring.
- The track was closed for 24 days while repairs were carried out across a 300km section of track.
- Road freight was also suspended due to flooding for two weeks, owing to the proximity of road and rail routes.
- Typically, 80 per cent of Western Australia's land-based freight arrives by rail. Supermarkets in Western Australia and the Northern Territory faced supply shortages and were forced to introduce buying limits on pasta, meat, frozen food, toilet paper and sanitary products.
- Woolworths was forced to use sea freight for deliveries in Western Australia for the first time in decades.
- NSW water utilities faced supply shortages for critical chemicals used in water treatment processes.
- **The economic cost to the nation was evaluated at approximately $320 million, or over $13 million per day.**

Whilst the 2022 flood event impacting East-West rail traffic was unprecedented in scale and duration, increasingly extreme and frequent weather events have been observed on the network with increasing regularity.

In February 2021, the Wooroloo bushfire impacting a 6km section of the East-West line managed by Arc Infrastructure resulted in a six-day outage. In the same month, flooding at Nana Glen resulted in a 10-day outage on the North-South line in northern NSW, saw the derailment of two locomotives and 18 wagons and required the rebuild of 300m of track to restore operations.

Decarbonisation

In 2022, the Australian Government committed through legislation to achieve Net Zero greenhouse gas emissions by 2050, with a target of achieving 43 per cent below 2005 levels by 2030. This ambitious goal will require a significant shift in traditional operations for several industries, including the transport sector.
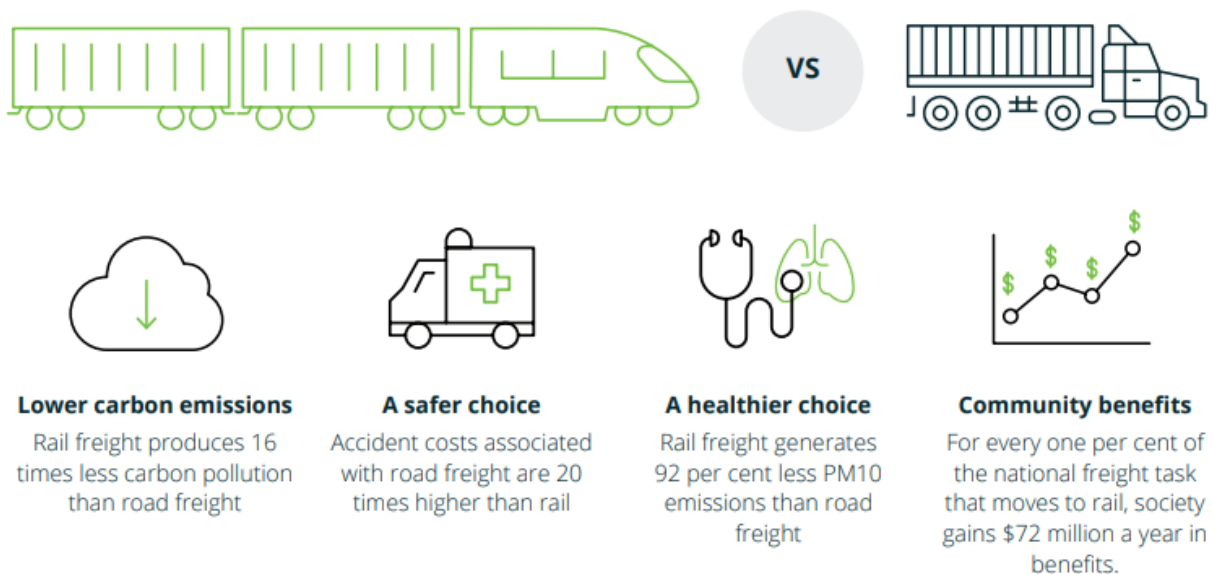
In 2020, the transport sector accounted for 19 per cent of Australia's total greenhouse gas emissions. The vast majority of these emissions (85 per cent) were generated by road transport, with trucks lone accounting for 20 per cent of all transport emissions. Rail by comparison, accounted for only 4 per cent of emissions for the entire transport industry, despite moving 56 per cent of Australia's total freight.[5]

With rail freight producing 16 times less carbon pollution per tonne kilometre than road freight, it is essential that the Strategy recognises the need to shift a greater amount of freight off the road and onto rail. While road freight will always play an important role in our national supply chain, particularly for last-mile connections, there is a significant opportunity to increase the role of rail in moving non-bulk freight.

In 2020, of the total freight moved by rail only 5.6 per cent was non-bulk freight, which highlights the significant opportunity to consider mechanisms for rail to play a greater role in moving non-bulk freight through our supply chain, particularly on the east-coast of Australia. This would reduce the transport sector's greenhouse gas emissions, as well as improve road safety through reduced heavy vehicle congestion.

Figure 1

Getting more freight onto rail delivers significantly better outcomes for the community, and should be a national priority.

VS

Lower carbon emissions
Rail freight produces 16 times less carbon pollution than road freight

A safer choice
Accident costs associated with road freight are 20 times higher than rail

A healthier choice
Rail freight generates 92 per cent less PM10 emissions than road freight

Community benefits
For every one per cent of the national freight task that moves to rail, society gains $72 million a year in benefits.

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[5] Australia's emissions projections 2022, DCCEEW, December 2022

In relation to progressing a more decarbonised economy in Australia, it is important to recognise the Safeguard Mechanism and the impacts its current structure has on the rail industry.

Safeguard Mechanism

The Safeguard Mechanism was first introduced in 2016 with reforms introduced earlier this year, and is the Australian Government's policy for reducing emissions at Australia's largest industrial facilities, including the transport sector.

It sets legislated limits, known as baselines, on the greenhouse gas emissions of these facilities. These baselines are designed to decline, predictably and gradually, on a trajectory consistent with achieving Australia's emission reduction targets of 43% below 2005 levels by 2030 and net zero by 2050.

The challenge with the Safeguard Mechanism relates to its definition of rail transport. As currently crafted, the activity of rail transport is defined as the use of rolling stock that 'combusts fuels on-board for propulsion'. The impact of this definition means that net tonne kilometres (NTK) of freight delivered by locomotives utilising electric, battery or fuel-cell propulsion cannot be included in baseline calculations.

As a result of this definition, it will be difficult in the long-term for rail freight operators to get below baselines as the calculations will always be based on use of diesel fuels. This definition also exposes rail freight operators to ongoing costs associated with Australian Carbon Credit Units (ACCUs), as well as making it more difficult to fund the capital investment needed to further decarbonise operations.

It is also important to note that road transport does not have a similar restriction regarding means of propulsion or scope of emissions. The Strategy needs to recognise the impact the current Safeguard Mechanism arrangements will have on the transportation of freight, acting as a disincentive to move more freight on rail and perversely increasing emissions and road safety outcomes as a result. A specific recommendation regarding the Safeguard Mechanism is noted later in this submission.

> *Recommendation 2:*
> It is recommended that the goal of "Innovative solutions to meet freight demand" be amended in the National Freight and Supply Chain Strategy to read "**Decarbonised and innovative freight operations**".

Interoperability

Rail freight in Australia is considerably constrained by the differences between jurisdictional networks. A lack or absence of interoperability across the country is the single most significant drain on productivity for the rail freight sector. It directly contributes to the increased cost of operating rail freight services, reduces operational efficiency and flexibility, dampens the uptake of new technology and pace of innovation, and ultimately hampers the ability to compete with other transport modes.

This lack of a national rail systems perspective is compounded by the increasing sophistication of below and above rail technology, rolling stock, signalling and communication systems. These factors stand to exacerbate interoperability issues over time.

Last year the Prime Minister, state Premiers, and territory Chief Ministers made the historic decision that "Improving the interoperability of rail systems" would become a National Cabinet priority. This decision signifies how important this issue is to governments across Australia to ensure our rail systems are able to operate more efficiently and be better utilised for the movement of freight. The decision is also reflective of the unprecedented level of investment in rail infrastructure projects across the country.

Rail construction and maintenance activity in Australia rose to a record $12.9 billion in 2021-22, with activity forecast to average $14.4 billion over the next five years. Overall, $129 billion in rail civil construction and maintenance is forecast for the coming decade to 2031-32, compared to $96 billion over the last decade. Over the next 15 years, $154 billion in rail construction work is expected.[6]

Figure 2

Source: BIS Oxford Economics

With such a significant investment pipeline in place, it is essential that solutions to our interoperability challenges are addressed as soon as possible. It is also worth noting that much of this investment is being undertaken by state governments on passenger rail projects, largely isolated from other networks with little consideration for freight operations or interoperability. Improving interoperability will be critically important to avoid a 'digital break of gauge' in signalling systems, similar to the physical break of gauge that has plagued rail track infrastructure since Federation.

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[6] ARA Australian Rail Market Outlook, Bis Oxford Economics, 2022

National Cabinet has now delegated Infrastructure and Transport Ministers (through ITMM) to progress the issue of improving the interoperability of rail systems. In December 2022 the Minsters of ITMM agreed that the National Transport Commission (NTC) focus on five priority areas identified as critical pain points for the rail industry.

These priority areas are:

- identifying the best mechanism for codifying a small number of critical national standards and complementary rules to make rail more competitive;
- aligning train control and signalling technology on the eastern seaboard;
- reducing the burden on drivers, crew, and maintenance workers;
- streamlining rolling stock approval regimes; and
- identifying the national/international pathways for digital skills required in Australia in the next five years.

At the most recent ITMM in June 2023, Ministers agreed to codify a small number of high-impact interoperability standards required to achieve nation-wide safety and productivity benefits. The standards will be performance-based with a priority focus on digital train technology, a single on-board interface for drivers and crew, and streamlining rolling stock approvals. Ministers also asked that a stocktake and gap analysis be undertaken of the current supply chain capacity in the Australian rail manufacturing sector, including identifying opportunities to support local suppliers to grow and have greater ability to deliver componentry to support local outcomes.

Further to this initiative, the Australian and Victorian governments, as well as the ARA on behalf of rail industry leaders, have come together to sign the historic Memorandum of Cooperation to address longstanding coordination issues between Australia's rail networks.

The agreement will improve rail's competitiveness, boost national productivity and improve connections between cities, regions and ports. The first signatories to the Memorandum of Cooperation include Australia's Minister for Infrastructure, Transport, Regional Development and Local Government, the Hon Catherine King MP, Victorian Deputy Premier, the Hon Jacinta Allan MP, and the chair of the ARA, Danny Broad.

The Memorandum has now been signed by state transport Ministers, rail operators and manufacturers, including Siemens, Alstom, Aurizon, Metro Trains Melbourne, Tasrail and ARTC. Further signings between Australian transport Ministers and industry builders, operators, and manufacturers are being progressed across the country to maximise the opportunities from the investments to improve rail connections.

Given the significance of the rail interoperability challenge and the current focus from all governments on improving productivity, it is essential that this issue be recognised in the Strategy. Rail is already responsible for the majority of Australia's freight task and if it is to become more competitive with road in the containerised freight market, as well as play a greater role in decarbonising the economy, then it is critical that we improve the interoperability of rail systems.

Beyond the specific interoperability challenges facing the rail industry, it is also important to recognise the importance of multi-mode interoperability. Outlined below is an example highlighting the importance of considering multi-mode interoperability in the context of the Strategy.

Multi-mode interoperability example

Deliveries into Port Botany, and the development of the rail terminal and co-located warehousing at Moorebank highlight the value of assessing interoperability on a cross mode basis and the impact this can have against the goals of the Strategy.

Stakeholders have previously raised concerns regarding the alignment of rail unloading infrastructure at Port Botany (which is limited to approximately 600m length trains) and the length of trains arriving at the Port for unloading, especially from regional areas. This has resulted in the need for shunting of trains to realign them to the requirements of the infrastructure at the Port, adding time, cost and inefficiency to the process and constraining rail's ability to compete with road. This constraint therefore leads to suboptimal rail market share for Port deliveries, and hence additional road share, placing strain on road infrastructure and resulting in a less efficient overall supply chain.

The development of Moorebank Intermodal Terminal provides the facilities to transfer freight from an interstate/regional train into a Port shuttle train specifically configured to maximize unloading efficiency at the Port. This minimizes the cycle time of trains entering and exiting the Port precinct, ensuring the maximum efficiency of the supply chain not only for rail, but for road and port facilities as well.

The co-located warehousing adds to this efficiency as it allows for (potentially automated) transfer direct from the rail facility into the warehouse, ready for the final delivery leg to the store. This reduces one road transport leg from rail terminal to the warehouse, reducing congestion and associated inefficiencies on the road network, as well as the emission and safety externalities which would arise. Finally, with the short segment distance between Port Botany and Moorebank, services in and out of the Port represents an opportunity for the introduction of battery powered trains with recharging facilities at both ends, enhancing the contribution of rail to decarbonization.

A focus on the interoperability of services across the whole supply chain, incorporating Port and road infrastructure, would provide the opportunity for more efficient rail services contributing to progressing the Strategy's goals.

> **Recommendation 3:**
> It is recommended that the goal of "Improved efficiency and international competitiveness" be amended in the National Freight and Supply Chain Strategy to read "**Improved interoperability, productivity and international competitiveness**'".

Skills Harmonisation

Australia is suffering from a skills shortage, and this is a challenge that has impacted many industries, not least of which is the transport sector. Road, maritime, aviation and rail are all experiencing challenges in securing skilled workers and specialist roles, the combination of which are essential to ensuring we have a strong and efficient national freight and supply chain.

The ARA's 2022 [Building Australian Rail Skills for the Future](#) report confirmed expected workforce gaps in the rail industry of up to 70,000 skilled workers by 2023, with some areas of specialisation already experiencing shortages. The report's review of global initiatives to build rail skills capability identified four areas of action for industry and government to address:

- Leadership, collaboration and partnership: Work together to deliver an Australian rail training system that provides consistent, accessible, high-quality provision across our jurisdictions.
- Strategic workforce planning: Understand and plan for future workforce needs, ensuring skills supply meets industry demand.
- Attracting, recruiting and retaining our workforce: Attract and retain a diverse workforce, as leading employers and an industry of choice.
- Skilling our workforce: Build and future-proof industry capability and support individual carer progression through transferrable skills development.

Unlike the broader transport sector, rail suffers from significant barriers to mobility, as each jurisdiction and RIM has differing requirements for the training courses that lead to recognition of the competencies held by workers. In other words, at a time when we have significant skills shortages, the industry is faced with large productivity losses by having workers duplicate training every time they operate in a different jurisdiction.

These skills and mobility challenges impact a large number of roles in the rail industry, such as signalling, track maintenance, train drivers and controllers, as well as educators, trainers and assessors. There is also a lack of direct pathways into rail from our tertiary institutions, with very limited rail specific courses on offer. This issue is compounded by a shortage of qualified rail training staff across the country, with the inconsistent nature of standards and systems across Australia's rail network making training particularly challenging.

Historically the large government rail entities have undertaken their own training, however, with changes to the structure of funding, the introduction of franchising and in some cases privatisation, there is now an urgent need for our TAFE sector to work with the rail industry to be able to deliver rail specific training. The TAFE sector nationally has always supported rail well in the training of tradespeople, however, in relation to the many hundreds of other roles in the rail industry, it has not had funding or opportunity to take a national rail approach.

This situation has further broken down over the last two decades as there has been little to no concurrent government investment in TAFE to support the rail sector in partnering with industry to develop and deliver sustainable national training programs that ensure the rail industry has access to skilled workers. The ARA is pleased to note that the Australian Government intends to better fund the TAFE sector and we hope that in doing so the needs of large industry sectors such as rail can be considered as a focus for TAFE funding.

Fortunately, since the development of the Strategy, state and territory ministers agreed to the National Rail Action Plan (NRAP) in 2020. The NRAP set out 17 initial actions for governments and industry to lift the productivity and safety of rail, including a specific focus on addressing skills challenges.

This NRAP program of work focuses on three priority areas:

- addressing skills and labour shortages;
- harmonising standards and rules; and
- advancing interoperability of freight and passenger travel.

The NRAP is led by the NTC and brings together governments and industry to maximise the benefits from the record investment through overcoming both legacy and emerging issues impacting the industry.

One of the key ongoing goals of the NRAP is for governments and industry work together to improve portability of skills across states and territories. This has included the establishment of the National Rail Skills Hub, which is coordinating current industry and government training initiatives and activities. It is also helping to improve career pathways and portability of rail skill sets, in order to help grow the rail workforce of the future.

As with the rail interoperability challenge, the issue of skills harmonisation and portability needs to be recognised with the context of the Strategy. While it is critical to ensure we address the skills shortages facing the freight and supply chain sector, it is equally important that these skillsets be mutually recognised across different jurisdictions and networks. Establishing a national workforce with improved skills portability will be essential to ensuring we have a better connected and efficient national network.

> ### *Recommendation 4:*
> It is recommended that the goal of "A skilled and adaptable workforce" be amended in the National Freight and Supply Chain Strategy to read "**A skilled, harmonised and adaptable workforce**".

Priorities for the next five-year National Action Plan

3. *Should the National Action Plan focus on a smaller number of targeted national actions, or do you want to retain the existing reporting structure?*

The Strategy currently outlines four key action areas to achieve the Strategy's goals. These action areas are:

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

Under these four areas, there are a total of 13 specific actions to help drive progress against each of the main areas. As noted in the Discussion Paper, state and territory governments currently report on over 350 initiatives against each of these action areas.

The challenge with this current process is that while these initiatives and investments will have some relevance to freight and supply chains, there is not always alignment between those initiatives and the intent of the Strategy's goals.

Overall, there is an impression across industry that much of the current reporting against the Strategy and National Action Plan is process driven, rather than being targeted at significantly advancing the goals of the Strategy and addressing the issues impeding the industry. This reporting process is seen to have little value, largely because there is limited accountability on the jurisdictions to ensure their activity and projects are aligned to the intent of the Strategy.

That being said, if consideration is being given to amendments to the four key actions areas, it is recommended that the action area of "Enable improved supply chain efficiency" be amended to "Enable improved and interoperable supply chain efficiency". Noting the previous comments regarding the importance of acknowledging the national focus on improving interoperability (particularly in the rail sector), it would be prudent to reflect this as part of the key action areas.

> **Recommendation 5:**
> It is recommended that the key action area of "Enable improved supply chain efficiency" be amended in the National Freight and Supply Chain Strategy to read "**Enable improved and interoperable supply chain efficiency".**

4. *If we focus on a smaller number of targeted national actions, what action areas should be included in the National Action Plan that require national coordination?*

The ARA and FORG believe that there is value in the Strategy focusing on a smaller number of targeted actions that are focussed on achieving meaningful change, rather than reporting on general activities and projects.

It would also be beneficial to review the 350 initiatives that are currently reported on and identify those that are potentially in conflict to the intent of the goals and actions in the Strategy.

Noting the recommended amendments to the Strategy's goals provided in this submission, the following targeted national actions are recommended for consideration.

> ### Recommendation 6:
> It is recommended that the following targeted national actions be considered for inclusion in the National Freight and Supply Chain Strategy and National Action Plan.
>
> - Identify opportunities and mechanisms to increase rail freight's modal share to assist decarbonising the transport sector and reducing road safety risks.
>
> - Identify opportunities to amend the Safeguard Mechanism to ensure rail is not at a disadvantage to other modes to effectively contribute to meeting emissions reduction targets.
>
> - Invest in improving the resilience, reliability, and interoperability of national transport infrastructure critical to freight and supply chains, particularly assets at risk from extreme weather events.
>
> - Identify, promote, and support initiatives that ensure greater national mutual recognition and harmonisation of rail skills to improve workforce portability and efficiency.
>
> - Identify, promote, and support initiatives and investment that ensures improved rail interoperability across jurisdictions, including optimising network planning and train scheduling.

Monitoring the Performance of the Strategy

5. *What KPIs are useful to measure the success of the Strategy?*

The ARA and FORG support the proposal to develop Key Performance Indicators (KPIs) against each of the Strategy's goals to evaluate its performance and overall success, in addition to the qualitative reporting that already occurs.

Noting that this submission has recommended amendments to the Strategy's goals, the following recommended KPIs are in line with the amended goals proposed by the ARA and FORG.

> ### Recommendation 7:
> It is recommended that the following Key Performance Indicators (KPIs) be considered for inclusion against the following proposed goals for the National Freight and Supply Chain Strategy.
>
> - **Goal:** Enhanced resilience of critical transport infrastructure
>   - **KPI: Number of rail and road freight services disrupted due to weather related infrastructure outages.**
>
> - **Goal:** Decarbonised and innovative freight operations
>   - **KPI: Greenhouse gas emissions per tkm by mode.**
>
> - **Goal:** Improved efficiency, interoperability, and international competitiveness
>   - **KPI: Freight quantity per mode on major routes.**
>
> - **Goal:** A skilled, harmonised, and adaptable workforce
>   - **KPI: Number of vacant skilled roles in the transport sector.**

6. *What data do we need from industry, state and territory governments to measure potential KPIs?*

The ARA and FORG recognise that one of the barriers to developing a more detailed understanding of rail freight movements across Australia has been limited access to data from the industry.

It is also recognised that in order for governments to be able to make more informed decisions regarding infrastructure investments and policy, as well as monitoring the performance of the Strategy through the proposed KPIs, there needs to be better access to rail freight data.

Unfortunately, despite the focus in the current Strategy, supply chain transparency has not notably improved over the past five years, and continues to undermine evidence-based decision making and investments.

It is critical that the DITRDCA, including BITRE, take an active approach to resolving the impasse between commercial operators' concerns about real-time data sharing and their requests for information which continue to go unmet.

More specifically, initiatives supported by the Strategy that have the potential to vastly improve information about national supply chains, such as the National Location Registry and the Project i-TRACE initiative, have failed to capture widespread uptake and it is recommended consideration be given to how incentives could be aligned to accelerate their uptake.

It is understood that the National Freight Data Framework developed during COVID provides the necessary architecture to make advances in this area, which are fundamental to both measurement of the overall strategy and higher quality information being available for government decision making and investment.

To proactively address the issue of data sharing, the ARA and FORG have agreed to establish a reference group of rail freight operators to collectively discuss how the industry may be able to provide better access to rail freight data. These discussions will need to consider commercial sensitivities and may initially focus on major freight corridors where attention is required.

> ### *Recommendation 8:*
> It is recommended that industry (via ARA and FORG), in partnership with DITRDCA, convene a reference group to develop potential solutions to overcome rail freight data and information sharing barriers.

Reviews and Papers this Review will consider

> 7. *What outcomes, findings or principles should the Review take into consideration from related works?*

There have been several significant recent Australian Government inquiries and reviews undertaken which will have direct and indirect implications for the review of the Strategy. It is also important for the Strategy to recognise the significant work program that is continuing to be progressed by ITMM, via the NTC, on National Rail Reform (the next evolution of the National Rail Action Plan).

Outlined below are the most relevant Government reviews and work programs that need to be considered, as well as the relevant key findings and outcomes from each.

Independent Review of Inland Rail

On 6 April 2023 the Australian Government released the findings of the Independent Review of Inland Rail and agreed to the 19 recommendations in full or in principle.

Immediate actions were announced 6 April 2023 to implement recommendations and get Inland Rail back on track.

Undertaken by Kerry Schott AO, the review confirmed that Inland Rail is an important project to meet Australia's growing freight task, improve road safety and to help decarbonise our economy. The review also found significant deficiencies in the governance and management of Inland Rail. The industry has welcomed the review's findings and recommendations and has called for their swift implementation, noting a failure to do so would risk the viability of the project and undermine efforts to increase rail freight use in Australia.

S*ummary of key relevant recommendations and government response:*

- The service offering proposed by ARTC, and supported by business, that offers a reliable 24-hour transit service on double-stacked trains of 1,800 metres length should be accepted.
  - The Australian Government understands that the service offering is supported by industry and business. It notes, however, that the service offering should not be supported beyond Beveridge in Victoria and Ebenezer in Queensland.

- Two new intermodal terminals should be developed concurrently in Melbourne. Beveridge should be available as soon as practical and the second, WIFT at Truganina, should in due course expand and become the larger operation. Both terminals should be operated by independent operators providing open access to all rail freight operators. Given that National Intermodal Corporation has an option to purchase land at Beveridge and is a Commonwealth-owned GBE that can offer open access and independence from freight operators, preference should be given to it to develop Beveridge on those conditions.
  - The Australian Government supports the two-terminal approach in Victoria and will work with the Victorian Government to settle funding and delivery arrangements.

The Australian Government owned National Intermodal Corporation recently exercised an option to acquire land at Beveridge, previously identified as suitable to connect to Inland Rail.

- An intermodal terminal should be developed at Ebenezer so that its completion aligns with that of Inland Rail. The final site, lay-out and commercial model should be settled expeditiously between the Commonwealth and Queensland Governments. The terminal should be run independently by a terminal owner/operator with an open access regime. Governments should consider who that terminal operator will be, but I note that such an operator already exists in the form of Commonwealth-owned National Intermodal Corporation.
  - o The Australian Government agrees in principle that a terminal should be developed at Ebenezer to support Inland Rail operations, following completion and consideration of the current business case.

- The Commonwealth and NSW Governments should investigate opportunities for intermodal facilities at Parkes, possibly to be developed by the National Intermodal Corporation.
  - o The Australian Government supports the work being undertaken by the NSW Government to develop intermodal facilities in Parkes. The Government will work with the NSW Government to consider the need for the development of an independently managed open access intermodal facility at Parkes. This work will be led by the National Intermodal Corporation.

- ARTC should ensure that the new signalling system being acquired is interoperable with state systems, and if not what the options are to make it so, including possible replacement. Detailed discussions with other relevant Rail Infrastructure Managers must occur to address the issue.
  - o The Australian Government is already working with jurisdictions and industry to ensure greater interoperability, this includes the recent signing of a Memorandum of Cooperation to make rail more competitive and interoperable across Australia. The Australian Government expects ARTC to engage effectively to support an appropriate national approach.

- ARTC should continue to examine options for staging the completion of Inland Rail and in particular the option of completing the Melbourne/Beveridge to Parkes sections by 2027. It should also examine options for the subsequent delivery of the project through to Gowrie once it has obtained greater certainty on approvals and costs. From Gowrie to Kagaru the focus should be on the works required to gain approvals to help secure gazettal of rail corridors and completion of land acquisitions. ARTC should use this time to finalise the scope of these sections and gain greater certainty on schedule and cost.

- The Australian Government fully supports ARTC examining options for staging the completion of the Program. The Government has decided to prioritise Beveridge to Parkes, with further work north of Parkes to be undertaken on a least regrets basis, as agreed with Shareholder Ministers.

Independent review of Infrastructure Australia

On 22 July 2022, the Australian Government announced an independent review of Infrastructure Australia. The Review was commissioned to consider Infrastructure Australia's role as an independent adviser to the Commonwealth on nationally significant infrastructure priorities and advise on what changes may be needed to Infrastructure Australia's focus, priorities and, if necessary, legislation.

The Government released the review's final report and its response to the recommendations on 8 December 2023. The rail industry welcomed the recommendations, in particular those that will strengthen governance arrangements and support improved visibility and prioritisation of the project pipeline.

Summary of key relevant recommendations and government response:

- The Review recommends Infrastructure Australia's mandate be defined as 'the Australian Government's national advisor on national infrastructure investment planning and project prioritisation'. This should include advising the Australian Government on its strategies and priorities to invest in transport, water, communications, energy, social and economic infrastructure. The Review recommends this mandate be defined in the Infrastructure Australia Act 2008 (IA Act).
  - The Government supports the need for a defined mandate for Infrastructure Australia. A clear mandate will empower Infrastructure Australia, reinvigorate its purpose, and clarify Infrastructure Australia's standing in the Australian infrastructure ecosystem. This will be achieved by clearly articulating the role of Infrastructure Australia in the IA Act.
  - The role of Infrastructure Australia is to provide independent and expert advice to the Australian Government about Australia's current and future nationally significant infrastructure needs and priorities to support improved social, economic and environmental outcomes for the nation. Infrastructure Australia's role will also involve advising the Australian Government on its strategies and priorities to invest in transport, water, communications, and other nation building infrastructure as appropriate.
  - The Government considers Infrastructure Australia's focus should remain on considering nationally significant projects relating to transport, water, communications, and energy infrastructure (see also Recommendation 6).

- Infrastructure Australia may examine other infrastructure sectors such as social and economic infrastructure as appropriate, where it is embedded as part of broader strategic and place-based planning considerations associated with transport, water, communications, and energy infrastructure.

- The Review recommends that to support Infrastructure Australia's mandate, the Australian Government formally issues a Charter of Infrastructure Investment Objectives, which outlines the Government's national infrastructure investment objectives and intended performance standards. To provide long-term certainty and guidance, the Review recommends this Charter be issued on a five yearly basis ahead of the refresh of the Infrastructure Plan. The Review recommends the requirement for this Charter be formalised in the IA Act.
    - The Government supports the view that there would be universal benefit, including for Infrastructure Australia as well as the states and territories and the Australian community, in articulating the Government's infrastructure objectives and priorities. This would allow Infrastructure Australia to focus its activities on advice which is aligned with these investments' objectives. The Government further supports providing longer term guidance to Infrastructure Australia to provide it with greater planning certainty.
    - The Government intends to issue an Infrastructure Policy Statement, which will set out the Government's infrastructure investment objectives. Infrastructure Australia will use the Government's Infrastructure Policy Statement to guide its advice to the Government.
    - The Government will also continue to issue a Statement of Expectations to Infrastructure Australia. The Statement of Expectations will be used to provide guidance to Infrastructure Australia on how it can support delivery of the Government's immediate priorities, including those set out in the Infrastructure Policy Statement. Infrastructure Australia will be expected to respond to the Statement of Expectation through a Statement of Intent, which will be made available to the public.

Road and Rail Supply Chain Resilience Review

The Bureau of Infrastructure and Transport Research Economics (BITRE) is leading a review into the resilience of Australian road and rail supply chains.

This review is focussed on identifying the supply chains that are most critical to Australian communities and businesses, the risks they face, and a stocktake of any work underway to mitigate risks. This work will help to inform action by government on how to mitigate risks effectively and efficiently in supply chains for the benefit of all Australians. The Phase One report from the review was released in February 2023.

The ARA has held discussions with BITRE and informed them of our own work on improving rail resilience and we have committed to continue collaborating, noting the development of the Phase Two report is underway.

Summary of relevant key findings:

- Australia's road and rail supply chains are generally resilient. However, recent events such as the COVID-19 pandemic and extreme weather events have highlighted an increasing need to build and strengthen resilience into the future.
- Flooding was identified as the most significant risk to Australia's road and rail supply chains, reflecting its ability to cover a widespread geographic area and cause disruption (including precautionary closures) across multiple jurisdictions at one time (e.g. recent national flooding events in January and October 2022).
- While the immediate impacts of identified risks are generally well understood, the Review has also identified the longer term impacts these risks have on road and rail infrastructure. For example, flooding can cause temporary inundation and closures of freight corridors, resulting in delays and disruptions to freight flows. However, prolonged, and extreme levels of flooding can lead to increased soil moisture and impact soil and track stability, which could result in lengthy repair and maintenance timeframes.
- The increase in frequency and severity of natural disasters will result in greater impacts to road and rail supply chains such as prolonged road closures, rail disruptions and the possibility of some regional communities becoming isolated or cut off for extended periods of time.
- Of the 13 critical rail Key Freight Routes assessed, the East-West rail corridor (running through Western Australia and South Australia), New South Wales Main West Line, Queensland Great Northern Line and Queensland Western System Line were determined have a high or very high vulnerability rating. The breakage points assessed on these routes carry approximately 30 million tonnes of freight annually and in some cases of disruption, would be too much to practically mode shift to road.
- The Review uncovered data gaps, consistency and accessibility issues that present a barrier for decision makers to better understand and be assured of the future resilience of Australia's road and rail supply chains. Improving these data provisions can enable a better holistic understanding of the freight network and its characteristics and needs across the country, to ensure the network is able to evolve and adapt to disruptions and remain resilient.

National Rail Action Plan / National Rail Reform

The National Transport Commission's (NTC) National Rail Action Plan (NRAP) aims to create a more seamless, productive, and safe national rail network through the shared use of technologies, a national approach to skills and training and by managing key rail interfaces so train control and signalling systems from different networks can talk to each other.

The rail industry and the ARA have been closely involved in the development of NRAP and the next stage of activity referred to as National Rail Reform. Further information is available on the NTC website.

Summary of key activity and initiatives:

- The National Rail Action Plan (NRAP), established in late 2019, draws together governments and industry to maximise the benefits from the record investment and overcome the legacy of different rail gauges, trains, and signalling. The initiative is coordinated by the National Transport Commission (NTC).
- The NRAP is addressing three critical challenges:
  - skills and labour shortages
  - a lack of national standards for components, causing inefficiencies and hampering local manufacturing
  - systems and processes that don't work together (interoperability).
- After three years of progress on the three main workstreams of NRAP, it became clear that many of the issues had links to interoperability. This is now a key focus for the next stage of NRAP, now referred to as National Rail Reform.
- In 2022 National Cabinet agreed making the issue of "Improving the interoperability of rail systems" a national priority, which has been tasked to be addressed by Infrastructure and Transport Ministers (through ITMM).
- To address this issue, in December 2022 the Minsters of ITMM agreed that the NTC is to focus on five priority areas identified as critical pain points for the rail industry.
- These priority areas are:
  - identifying the best mechanism for codifying a small number of critical national standards and complementary rules to make rail more competitive;
  - aligning train control and signalling technology on the eastern seaboard;
  - reducing the burden on drivers, crew, and maintenance workers;
  - streamlining rolling stock approval regimes; and
  - identifying the national/international pathways for digital skills required in Australia in the next five years.
- At the most recent ITMM in June 2023, Ministers agreed to codify a small number of high-impact interoperability standards required to achieve nation-wide safety and productivity benefits. The standards will be performance-based with a priority focus on digital train technology, a single on-board interface for drivers and crew, and streamlining rolling stock approvals.
- The NTC is leading this ongoing program of work across jurisdictions and in consultation with industry to address these priority issues.

The Future of Freight Report (*to be released later this year)*

The ARA, FORG and the Department, in conjunction with ACRI (now part of NTRO) collaborated to deliver a landmark research project that makes the case for greater use of rail freight.

This comprehensive project identifies the barriers to achieving modal shift and the opportunities to harness the significant benefits rail freight has to offer.

The research seeks to identify practical steps industry and government can take together to deliver a more reliable, efficient and sustainable rail freight network to meet the growing demand that is to come. Plans for the public release of the report are currently being finalised, with a launch expected to take place before the end of the year.

A **confidential copy** of the full report is provided as an ***Attachment***.

Summary of relevant key findings:

1. Set a clear freight objective

A national, long-term objective to drive policy impacting rail freight will help drive change and align policy development and regulation. This should focus on policy settings that promote the right transport mode for each freight task and achieve improved outcomes for industry, customers, and the wider supply chain.

This may consider opportunities to optimise rail freight operations, strengthen the resilience of national supply chains and promote efficient investment in transport infrastructure.

2. Assess the full benefits freight projects have to offer

The cost benefit analysis of rail and road projects should consider the full range of economic, social, and environmental benefits they provide. This may be led by the Federal Department of Infrastructure, Transport, Regional Development, Communications and the Arts, the National Transport Commission (NTC), BITRE or Infrastructure Australia. Policies to make it easier for rail operations to participate in the Emissions reduction Fund through projects that enable mode shift would also represent an important step towards decarbonising our fleet network.

3. Promote investment in efficient rail freight infrastructure

The rail industry and governments should continue to focus on investing in infrastructure to support our long-term rail freight needs. While investment in intermodal terminal developments with integrated freight networks and digital tarin control systems are underway, more will be needed. We must look beyond our immediate needs and build a strong investment pipeline to support our future freight needs for rail to support a strong and resilient network for years to come.

4. Ensure a national focus on safety and productivity

A national regulatory and governance model is needed to harmonise operational standards, systems, processes and technologies. This may include the creation of a national rail industry regulator to drive productivity and safety improvements, either by redefining ONRSR's role or establishing a new regulatory body.

5. Harmonise complex regulations

Nationally consistent environmental regulations and access regimes should be used consistently across the Australian network. The harmonisation of environmental regulations may be considered by the Commonwealth Government's soon to be established EPA, while an independent coordinating body should be identified to explore improvements to access regimes. Agreement should be sought with Rail Infrastructure Managers and jurisdictional regulators to incorporate shared principles or procedures into existing regulations. These principles and procedures could be mandated within existing regulatory instruments through the agreement of Commonwealth and state ministers.

6. Promote opportunities to expand the rail freight market

Industry and government should continue to support action already under to reduce barriers to entry in rail freight, including by providing access to new, publicly supported intermodal terminals and access to rail paths.

7. Drive policy to ensure the right mode is chosen for every freight task

The Heavy Vehicle Road Charging Framework should be reviewed to better set road user prices based on a full cost recovery model.

Further policy changes should be considered to require foreign flagged vessels to provide evidence of their compliance with Australian shipping regulations. As the rail freight sector continues to evolve its pricing structures to improve its competitiveness, these policy measures will enable greater use of rail for the freight tasks it is best suited to support and create a more efficient national freight network.

8. Improve freight access in metropolitan areas

New policies could incentivise metropolitan Rail Infrastructure Managers to improve access to freight services, while continuing to recognise passenger priority. Greater flexibility in the application of passenger priority could drive significant improvements in freight access without compromising passenger networks.

9. Align freight services to customer needs

The rail industry should continue to engage with freight customers to inform the development of network strategies, either through dedicated forums or via Board representation. This will help align freight services with customer needs, and evolve operating and contracting strategies to enable greater use of rail.

10. Transparent information disclosure

State transport departments should publish more data collected by traffic census programs to provide a clearer understanding of road freight operations.

Rail Infrastructure Managers should regularly provide rail freight datasets to BITRE and ensure accurate, timely and consistent public reporting of train service reliability is available. A standardised approach to data collection is required to support greater information sharing.

Infrastructure Investment Program Strategic Review (*report yet to be released*)

The Australian Government is undertaking an independent strategic review of the Infrastructure Investment Program (IIP) to ensure the $120.0 billion pipeline over 10 years is fit for purpose and the Government's investment is focused on projects which improve long-term productivity, supply chains and economic growth in our cities and regions.

At the time of writing the Government has not yet released the final report and the Government's response to the review, noting that it was to be completed within 90 days from being announced on 1 May 2023.

Depending on the timing of the release of this report, it would be beneficial for the review of the Strategy to take into consideration any findings or recommendations from the IIP review that may be available. Any changes to planned investment in transport infrastructure projects could have significant implications for the National Freight and Supply Chain Strategy.

Governance arrangements to support the implementation of the Strategy

> 8. *Are the current governance arrangements appropriate to support the effective implementation of the Strategy going forward?*

There are some challenges with the existing governance arrangements from an industry perspective, which relate primarily to transparency, accountability, and inter-agencies collaboration and coordination.

Transparency

The current governance arrangements for the implementation of the Strategy are largely limited to federal and state government Ministers and Departmental representatives. While the Freight Industry Reference Panel is intended to provide industry with a direct link to how the Strategy is being implemented, this is not necessarily very effective.

The Freight Industry Reference Panel is comprised of five independent panellists, who are undoubtedly experts and respected leaders in their fields. However, the link between these panellists and the businesses operating Australia's freight and supply chains is not clear. There is no ongoing consultation mechanism with the organisations delivering Australia's freight, rather the panel provides its independent observations of the Strategy's efficacy without a detailed understanding of whether practical changes or improvements are resulting for the impacted organisations (and ultimately customers and communities).

There needs to be a much more transparent and consultative mechanism put in place that creates a genuine link with industry, potentially via peak industry bodies, to assess the efficacy of the Strategy's implementation moving forward. This should include more visibility into the discussions between departments and agencies, including the Freight Jurisdictional Working Group.

Accountability

The current version of the Strategy identifies 13 key actions to be delivered, however the existing reporting and monitoring arrangements do not appear to hold governments to account for the implementation of these actions. For the Strategy to be genuinely effective, there must be a level of accountability for governments to demonstrate how the activities and projects they are progressing are effectively progressing the Strategy's goals.

There needs to be a requirement imposed on governments to demonstrate how the projects and initiatives they are reporting on are progressing the Strategy's goals and priority actions, as well as identifying where projects or initiatives have the potential to impede the Strategy's progress.

Inter-agency collaboration

The current governance arrangements foster collaboration across transport agencies in each jurisdiction, however there is very little consideration given to how the work of other agencies (e.g. planning, industry, finance) may impact the ability of transport agencies to progress the Strategy's goals and actions.

Decisions made by planning departments regarding transport corridors and land developments could significantly impact aspects of the Strategy, as could funding and investment decisions made by central agencies. There may also be opportunities for more active collaboration with industry agencies to identify opportunities to better support Australian supply chain businesses to deliver the goals of the Strategy.

It is also worth noting that Victoria is currently the only jurisdiction with a dedicated Minster for Freight, with all other jurisdictions having this function as part of the broader transport portfolio.

There needs to be a mechanism introduced to facilitate better inter-agency collaboration across jurisdictions for agencies (other than transport) to have visibility and input into the delivery of the Strategy's goals.

9. *What role, if any, should the Freight Industry Reference Panel have to support the implementation of the Strategy?*

As mentioned previously, the Freight Industry Reference Panel needs to have stronger direct links to the organisations that form our national freight and supply chain industry. It is critical that there be opportunities for these organisations to provide direct input and feedback on whether the Strategy's actions are delivering practical improvements.

This direct engagement could be achieved via peak industry bodies in the national freight and supply chain sector, all of which have regular engagement with their member businesses and would be best placed to reflect the views of industry.

> ### *Recommendations 9, 10, 11:*
>
> It is recommended that the governance arrangements be amended to ensure the Freight Industry Reference Panel includes representatives from peak industry bodies directly involved in the national freight and supply chain sector.
>
> It is recommended that the governance arrangements be amended to establish formal consultation mechanisms between jurisdictional transport agencies and other agencies that may impact the Strategy, including agencies involved in planning, finance, and industry.
>
> It is recommended that the governance arrangements be amended to require jurisdictions to demonstrate how the projects and initiatives they report on are practically progressing the Strategy's goals and actions, as well as flagging any projects or initiatives that may impede the Strategy's progress.

Summary of Recommendations

Outlined below is a summary of the key recommendations submitted for consideration as part of the Review of the National Freight and Supply Chain Strategy (NFSCS).

NFSCS Goals

1. It is recommended that an additional goal be included in the National Freight and Supply Chain Strategy focused on "enhanced resilience of critical transport infrastructure".

2. It is recommended that the goal of "Innovative solutions to meet freight demand" be amended in the National Freight and Supply Chain Strategy to read "Decarbonised and innovative freight operations".

3. It is recommended that the goal of "Improved efficiency and international competitiveness" be amended in the National Freight and Supply Chain Strategy to read "Improved interoperability, productivity and international competitiveness'".

4. It is recommended that the goal of "A skilled and adaptable workforce" be amended in the National Freight and Supply Chain Strategy to read "A skilled, harmonised and adaptable workforce".

NFSCS Key Action Areas and Target Actions

5. It is recommended that the key action area of "Enable improved supply chain efficiency" be amended in the National Freight and Supply Chain Strategy to read "Enable improved and interoperable supply chain efficiency".

6. It is recommended that the following targeted national actions be considered for inclusion in the National Freight and Supply Chain Strategy and National Action Plan.

   o Identify opportunities and mechanisms to increase rail freight's modal share to assist decarbonising the transport sector and reducing road safety risks.

   o Identify opportunities to amend the Safeguard Mechanism to ensure rail is not at a disadvantage to other modes to effectively contribute to meeting emissions reduction targets.

   o Invest in improving the resilience and reliability and interoperability of national transport infrastructure critical to freight and supply chains, which is at risk from extreme weather events.

- o Identify, promote and support initiatives that ensure greater national mutual recognition and harmonisation of rail skills to improve workforce portability and efficiency.

- o Identify, promote and support initiatives and investment that ensures improved rail interoperability across jurisdictions, including optimising network planning and train scheduling.

NFSCS Key Performance Indicators

7. It is recommended that the following Key Performance Indicators (KPIs) be considered for inclusion against the following proposed goals for the National Freight and Supply Chain Strategy.

   - o **Goal:** Enhanced resilience of critical transport infrastructure
     - ▪ <u>KPI:</u> **Number of rail and road freight services disrupted due to weather related infrastructure outages.**
   - o **Goal:** Decarbonised and innovative freight operations
     - ▪ <u>KPI:</u> **Greenhouse gas emissions per tkm by mode.**
   - o **Goal:** Improved efficiency, interoperability, and international competitiveness
     - ▪ <u>KPI:</u> **Freight quantity per mode on major routes.**
   - o **Goal:** A skilled, harmonised, and adaptable workforce
     - ▪ <u>KPI:</u> **Number of vacant skilled roles in the transport sector.**

NFSCS Data Sharing

8. It is recommended that industry (via ARA and FORG), in partnership with DITRDCA, convene a reference group to develop potential solutions to overcome rail freight data and information sharing barriers.

NFSCS Governance Arrangements

9. It is recommended that the governance arrangements be amended to ensure the Freight Industry Reference Panel includes representatives from peak industry bodies directly involved in the national freight and supply chain sector.

10. It is recommended that the governance arrangements be amended to establish formal consultation mechanisms between jurisdictional transport agencies and other agencies that may impact the Strategy, including agencies involved in planning, finance, and industry.

11. It is recommended that the governance arrangements be amended to require jurisdictions to demonstrate how the projects and initiatives they report on are practically progressing the Strategy's goals and actions, as well as flagging any projects or initiatives that may impede the Strategy's progress.