

National Freight and Supply Chain Strategy Review

Submission – The Freight and Logistics Council of WA

General Comment

The Freight and Logistics Council of WA (FLCWA) supports the review of the National Freight and Supply Chain Strategy (Strategy).

Important issues include:

1. The Strategy to set strategic direction so initiatives and actions can be undertaken over the coming period.
2. Ensure the Strategy is supported by all sides and levels of government to give industry confidence that direction will not change thus reducing uncertainty to long term challenges.
3. The Strategy is the collective responsibility of government and industry and collaboration must occur to ensure supply chains are efficient, productive and resilient.
4. The Strategy has accountability measures in place for governments to report on the effectiveness of the Strategy.
5. State-based freight and supply chain initiatives to align with national objectives.
6. Ensure duplication with other Strategies is avoided.

The FLCWA places great emphasis on supply chain resilience. Supply chain resilience is usually seen through the prism of disruption by severe weather events such as recent impacts on Western Australia (WA) with the Trans Australian Rail Line break in early 2022 and the damage to the Fitzroy River Crossing bridge in last year's wet season.

The FLCWA has identified the importance of strategic interstate and intrastate routes not being disrupted. In this context, it suggests that infrastructure needs to be able to withstand greater severity of weather and alternate routes be developed such as sealing to all weather standard the Tanami Road and the Outback Way. In times of disruption, prompt transfer to alternative modes such as coastal shipping and rapid recovery should also be a focus.

The FLCWA has raised these points and others in previous submissions to the:

- Road and Rail Supply Chain Resilience Review
- House of Representatives inquiry into the implications of severe weather events on the national regional, rural, and remote road network.

The future impact of climate change on supply chain infrastructure cannot be underestimated and the review of the Strategy should emphasise this issue.

Introducing decarbonisation as a component of the Strategy is warranted. Industry and government must work closely on addressing decarbonisation of the freight sector. In this respect, the freight sector must be engaged and assisted in the transition from fossil fueled freight vehicles to non-emission freight vehicles. For example, the FLCWA is currently collaborating with the State Department of Transport on engaging with the small to medium sized rigid truck sector on how it may transition. This work is part of the broader WA Government Sectorial Emissions Reduction Strategies. The FLCWA also supports employment shortages and work skills being recognised in the Strategy.

However, it is imperative that duplication across government is avoided. Important issues like decarbonisation and employment shortages / work skills training in the freight sector are being investigated at national and jurisdictional levels by other areas of government as part of wider enquiries. These examples remind us of the necessity of avoiding duplication of activity across government.

The FLCWA also views supply chain resilience in a broader sense. Recently, the FLCWA council members and other sections of the freight industry, industrial land associations, major generators of freight, infrastructure providers and academia in WA met to discuss resilience.

This was not only in terms of immediate impact but also in meeting the needs of the State's growing and changing economy into the future.

Issues included:

- better strategic planning
- identifying supply chain weaknesses for the future economy
- what will these challenges be in terms of emerging industries
- what infrastructure will be required
- identifying operational and regulatory support
- understanding how national and international supply chains impact on intrastate supply chains and how to lever off these changes – e.g. shift to direct shipping to Pilbara
- understanding logistics warehouse and distribution centres capacity and the relationship and impacts on supply chains
- relationships between air, sea and land freight (cross modal)
- the whole supply chain (origin to destination)
- supply chains are complex and can be a mix of intrastate/interstate/international
- workforce shortages and skills
- decarbonisation.

A number of these issue are raised in the Strategy review.

Emerging technology and positive and negative factors will require attention. Issues including the introduction of electric or hydrogen fuel cell heavy vehicles from an emission perspective but also the potential impacts on road infrastructure including pavement durability / bridge capacity and operational viability. Automation of parts of supply chains is also worth consideration particularly the introduction of Artificial Intelligence (AI).

The collection of freight data is raised. Data can inform how supply chains are performing and also provide insight into how the movement of freight can influence supply chain performance and government and industry investment. There is some debate on the relationship between real time and historical data and this is an issue which requires attention.

Risk management of supply chains should be embraced. For example, the Shire of Dundas commissioned work in modelling of earth observation data and machine learning combined with supply chain value/flow analysis to assess the vulnerability of strategic east-west and north-south supply chain infrastructure (road and rail) to bush fire in the Southern Goldfields. Understanding the risk to supply chains and managing the risk can minimise disruption.

Other factors to consider include:

- protection of freight routes from urban encroachment
- educating the population about the importance of freight (social licence)
- cyber security for the protection of supply chains from disruption.

In summary, the Strategy should provide a framework that accommodates:

- supply chain efficiency, productivity and resilience
- better planning, coordination and regulation
- targeted infrastructure provision
- future proofing.

The Strategy should set strategic direction for collaboration between industry and governments and be immune to political cycles and be non-partisan for longevity thus providing confidence to industry. The Strategy should be flexible and forward looking to be better placed to meet future freight movement challenges.

In this respect, looming macro issues such as climate change impacts to supply chain infrastructure as well as operational performance need to be accommodated in the Strategy's framework.

Review Questions

The following responses are a combination of the FLCWA's Executive involvement in the workshop held in Perth on 19 September 2023 and further comment after this workshop. A number of FLCWA council members were at this and other workshops and may provide separate/additional information from their respective organisation's views.

Review Topic and Questions	FLCWA Response
<p>Is the Strategy Fit for Purpose?</p> <ul style="list-style-type: none"> Do the Strategy's current goals support the needs of the freight and supply chain sector moving forward? Should other goals be included in the Strategy, and if so, what? 	<ul style="list-style-type: none"> Agree that the Strategy is still relevant but requires review to ensure it is more targeted for the next period. Needs to set direction but be holistic. Purpose of Strategy to be reviewed to permit clearer direction. Goals to be reviewed. Supply chain resilience should have greater emphasis. Broaden to include matters of planning and regulation.
<p>Priorities for the next five-year National Action Plan</p> <ul style="list-style-type: none"> Should the National Action Plan focus on a smaller number of targeted national actions, or do you want to retain the existing reporting structure? 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? 	<ul style="list-style-type: none"> Needs to be targeted but be flexible to accommodate macro and micro issues. Identify threats over the coming period. Clear objectives and actions. Coordinated national approach. Ensure state objectives and national objectives align. Climate change a priority. Include decarbonisation, workforce, community awareness. Consider related issues that impact on supply chain: <ul style="list-style-type: none"> industrial land availability protection of freight corridors community awareness emerging technology and AI cyber security risk mitigation. Rapid recovery from disruption. Build redundancy into supply chains including alternative strategic routes for WA.
<p>Monitoring the performance of the Strategy</p> <ul style="list-style-type: none"> What KPIs are useful to measure the success of the Strategy? What data do we need from industry, state and territory governments to measure potential KPIs? 	<ul style="list-style-type: none"> KPIs could include: <ul style="list-style-type: none"> amount of disruption and time to recover freight cost and on time delivery modelling to determine if supply chains are fit for purpose and accommodate future increase in freight and changing economy including emerging industries. Data important to understand supply chains and changing use including transparency by industry.
<p>Governance arrangements to support the implementation of the Strategy</p> <ul style="list-style-type: none"> Are the current governance arrangements appropriate to support the effective implementation of the Strategy going forward? What role, if any, should the Freight Industry Reference Panel have to support the implementation of the Strategy? 	<ul style="list-style-type: none"> Ensure bi-partisan support as the Strategy is long term and requires support over multiple election cycles both at national and state levels. Support ongoing industry engagement through peak bodies. The Freight Industry Reference Panel should have a role to play in the implementation and ongoing performance measurement of the strategy. It should also work closely with government at a national and state levels to ensure the strategy is flexible to meet the needs of the respective jurisdictions.