



**NATIONAL
INTERMODAL**

**National Freight & Supply Chain Strategy
Review**

National Intermodal Submission – October 2023

About National Intermodal

National Intermodal's role is to develop and operate a state-of-the-art network of intermodal precincts in support of the Inland Rail project, which will be critical to meeting the growing freight demand across Australia. In delivering these precincts we will bring to life our vision of improving quality of life through supply chain excellence.

Our strategic priorities are

- Improving Supply Chain Resilience – reinvesting in Australia's supply chain to ensure Australians have access to a secure supply of goods and services.
- Increasing Logistics Efficiency – investing in modern supply chain infrastructure to reduce costs, driving innovation and providing benefits to consumers.
- Improving Sustainability – delivering improved economic, social, and environmental outcomes across our business and communities.

We understand the criticality of engagement across the range of stakeholders involved in the movement of freight. We are currently collaborating with the national rail network manager ARTC and with State Governments and Councils in NSW, Queensland and Victoria to implement the Government's response to the recommendations of the Independent Review of Inland Rail. We are shortly to commence a formal engagement process with industry on the development of the Beveridge Intermodal Precinct in Victoria. We appreciate the challenges in bringing together a strategy with so many different stakeholder groups with different mandates and objectives.

Background

The establishment of the National Freight and Supply Chain Strategy ("The Strategy") in 2019 was an important achievement as it resulted in the first nationally coordinated, multi-modal approach to Australia's freight and supply chains. The broad strategy, and its goals and priorities remain substantially relevant. However, since the inception of the Strategy there have been significant changes in the domestic and global environment that have brought the criticality of supply chains to the forefront of public perception and concern. Conflict in Europe, the Covid-19 pandemic and extreme weather events have highlighted the importance of ensuring that the Strategy remains focussed on supporting an efficient and sustainable supply chain.

Decarbonisation and the transition to Net Zero have also become a key priority for the supply chain industry and Australian governments.

National Intermodal supports the decision to bring forward the Review and welcomes the opportunity to contribute to the review and is encouraged by the wide-ranging engagement it has generated.

The Importance of Freight and Supply Chains

The freight industry is one of the largest industries in Australia, directly contributing over 8.6% of GDP and ensuring the smooth-running of the supply chains that ensure Australians have access to the products and services they require. Nearly 150 tonnes of product is moved per person within Australia each year, and this is forecast to grow 26% between 2020 and 2050. The rail freight industry itself contributes over \$5 billion to the Australian economy.

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.¹

National Intermodal comments and response to review questions

We welcome the opportunity to comment on selected questions raised in the Discussion paper:

We welcome your comments on:

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

National Intermodal's view is that the strategy goals are still relevant but would benefit from updating with key priorities that have emerged over the past 5 years, which are outlined in the response to Question 2 below.

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

Minimising emissions while working towards decarbonisation.

National Intermodal strongly supports the commentary in the Discussion Paper on the importance of decarbonisation noting that Australia's transport sector is the third largest source of greenhouse gas emissions in Australia. Achieving Australia's net zero target by 2050 when freight movement is forecast to grow by over 26% will require strong action. We support the goals of the Strategy being updated to include a focus on supporting and encouraging the uptake of zero emissions vehicles and supply chain facilities.

However, we note that some of these technologies are still relatively immature and will take time to implement. We therefore support the Strategy being amended to encourage the importance of modal shift to rail for long distance and port shuttle services, where emissions can immediately be reduced by up to 75%. Most Australian states have formal objectives to increase rail movement of containers to and from their sea ports, and the Inland Rail project is designed to encourage a shift to long distance rail with significant broad based benefits. We would like to see specific actions included in the strategy to enable this shift.

We also believe that we must consider the environment in a broader sense in which decarbonisation is but one critical area. Amenity, noise pollution, traffic congestion are all critical areas which not only impact on communities but also impact our sectors reputation and acceptance in communities. The capacity of the network to adapt to changing climate risks and

¹ ARA Value of Rail Report, 2020

other stressor over the long-term is another area. The goal should go beyond the criticality of decarbonisation to also embrace broader environmental enhancement.

Recommendation 1

A new Key Action Area be added to the Strategy of “Reduce emissions through modal shift while progressing decarbonisation” to include specific actions to support modal shift and encourage the uptake of zero emissions capability across the supply chain

Encouraging innovation through competition

While international competitiveness has been mentioned in the Strategy, competition in the domestic markets is a gap. Creating the conditions to promote competition in all elements of the supply chain should be a priority. The 2019 strategy identified the plateau and indeed decline in productivity that has occurred since 1998 (refer to Figure 2.3 of 2019 National Freight and Supply Chain Strategy (freightaustralia.gov.au)). Much of the productivity growth occurred because of the competition policy reforms of the early to mid-1990s that opened access and fostered competition. It is now clear that we have hit barriers to this competition in some segments of the market. In the freight rail space, the privatisation of intermodal terminals has led to barriers to new entrants and increased market concentration. It is essential that the benefit of fostering competition is seen as goal of the strategy through the provision of genuinely open access critical infrastructure.

Recommendation 2

The goal of “Enable improved Supply Chain Efficiency” include specific actions to deliver genuine open access to critical supply chain infrastructure

Supply chain resilience

The discussion paper clearly identifies how climate change and natural disasters have increased risks to supply chains, only magnified more by “black swan” events like Covid-19. We see supply chain resilience not only in terms of engineering solutions to mitigate impacts but also a broader network approach with choice. This will include both choices on the mode of transport, the route of the transport and opportunities for storage versus distribution. Alternative routes between key transport nodes, such as the double stack Melbourne to Perth via Parkes opportunity outlined in the Independent Review of Inland Rail, is a good case study of how to leverage localised investments to provide national resilience benefits.

Recommendation 3

Include as an action in the Goal of “Smarter and targeted infrastructure investment” the action to deliver a framework for industry validation of network mapping and the identification of critical network infrastructure, the assessments of supply chain resilience risks, and prioritisation of funding to address actual points of failure.

Corridor Protection

National Intermodal has observed an increase in supply chain and logistics related land values over recent years. The importance of the supply chain has been recognised by private industry and institutional investors. To ensure that long term open access supply chain options are able to be delivered expeditiously when required and at the lowest cost we see strategic corridor protection as critical. There is a strong need for early action through the Commonwealth and States working together to protect critical corridors and sites for strategic transport assets to promote open access to critical infrastructure alongside private sector investments. Particularly in urbanising areas, we have seen rapid increases in land values after early-stage announcements, and that this presents a challenge to cost effectively delivering freight outcomes.

Recommendation 3

Include in the key Action Area “Better planning, coordination and regulation” a new item action to identify and preserve key land areas to support long term supply chain efficiency

We welcome your comments on:

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 2021-22 Annual Report on the Strategy outlines performance in relation to the delivery of three hundred and eighty separate initiatives which range in scope and complexity from the development of Inland Terminals in Melbourne and Brisbane (Initiative 11, >\$3billion) and entire Inland Rail project from Melbourne to Brisbane (initiative 82, >\$14billion) at one extreme to a program to train 60 new heavy vehicle drivers in Victoria (Initiative 182, \$500,000). While there is undoubtedly merit in each of the 380 initiatives, National Intermodal believes that a more targeted and prioritised set of actions, with a focus on seeing the supply chain as an integrated system, would provide better outcomes.

Recommendation 4

A review be undertaken in consultation with industry to prioritise and refine the initiatives to smaller number of strategically important initiatives

We welcome your comments on:

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?

From the perspective of National Intermodal, Key actions should include:

1. **Delivery of Inland Rail** (*consistent with the goal "Enable improved supply chain efficiency" and Recommendation 1 of this submission to reduce emissions through modal shift and lower emissions technology*).
2. **Delivery of the Melbourne Inland Rail Intermodal Terminals** (*consistent with the goals "Smarter and Targeted investment and "Enable improved supply chain efficiency"*).
3. **Protection of necessary land for the South East Queensland Inland Rail Terminal** (*consistent with the goal of "Smarter and Targeted investment*).
4. **National Interoperability across rail jurisdictions** (*consistent with the goal of Better planning, co-ordination and regulation*).
5. **Reducing emissions through modal shift while progressing decarbonisation** (*consistent with Recommendation 1 of this submission to reduce emissions through modal shift and lower emissions technology*).

We welcome your comments on:

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

National Intermodal supports the concept of the National Freight Data Hub. However, challenges have been experienced obtaining data to confirm with certainty the current modal shares operating on key corridors, which indicates a need to collect and make available more data. While this should remain the ambition, substantial amounts of data is currently captured which can be utilised to assist in key decision making.

Recommendation 5

Development by government of clear objectives and a coordinated strategy for freight data - including the purpose of the National Freight Data Hub - to support supply chain policy, regulation and investment decision making

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

The Government's response to the Independent Review of Inland Rail by Dr Kerry Schott gives clarity on the first stage of Inland Rail to Parkes and double stack servicing from Melbourne to Perth. This highlights the importance of building this stage of Inland Rail and the Commonwealth, States, Local Government and Industry working together to deliver the railway and intermodal hubs that enable the travel time savings, capacity, and efficiency of double stack 1800m trains.

Some critical findings of the Independent Review of Inland Rail that should be considered are:

The benefit from the travel time savings, capacity, and efficiency of double stack 1800m trains (Recommendation 7) and the opportunity for major productivity improvements;

The recognition of the benefit of independently operated open access terminals (Recommendations 8, 9 and 10).

Continuing to undertake activities on a least regrets basis north of Parkes (rec 16 and Gov response) and the opportunity for strategic corridor protection in this instance.

Recommendation 6

The Review should reflect the findings of the Independent Review of Inland Rail and the Government's response.

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

Making the Strategy effective is a key requirement going forward. National Intermodal notes that there is a perspective in industry that the Strategy has lacked authority, responsibility and accountability, and despite the Strategy being fundamentally fit for purpose, this has resulted in the relatively modest achievement of its objectives, with less than 20% of its initiatives having been achieved since inception. National Intermodal believes that revised governance structure could contribute to better identification and delivery of initiatives.

To provide strategic guidance and impetus, a Ministerial "Champion" could be appointed, with the Minister for Infrastructure, Transport, Regional Development and Local Government an ideal appointment.

Accountability for the overall Strategy should sit with the respective portfolio Ministers from each State and Territory.

Reporting to the Infrastructure and Transport Ministers Meeting (ITMM), the Heads of Departments represented in the Infrastructure and Transport Senior Officers Council (ITSOC) should assume responsibility and accountability for the ongoing successful delivery of the Strategy according to its purpose and objectives.

The National Freight and Supply Chain Strategy should become a standing agenda item of the Infrastructure and Transport Ministers Meeting.

Infrastructure and Transport Senior Officials Committee establishes the appropriate mechanisms to drive success of the National Freight and Supply Chain Strategy across all areas of government, incorporating all relevant government agencies and major programs.

Industry peak bodies should be provided timely and transparent reporting (at a frequency no less than quarterly) on the National Freight and Supply Chain Strategy action pipeline and delivery performance.

Industry needs to be proactively engaged in establishing the list of projects and programs to meet National Freight and Supply Chain Strategy objectives

A single point of governance is required for national consistency and to lead the coordination of activity and reporting.

Recommendation 8

The Review should consider an alternative governance structure with the Heads of Departments represented in the Infrastructure and Transport Senior Officers Council (ITSOC) assuming responsibility and accountability for the ongoing successful delivery of the Strategy