



RTBU

29 September 2023

SUBMISSION TO THE REVIEW OF THE NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY

The Rail, Tram and Bus Union (RTBU) appreciates this opportunity to make a submission to the review of the National Freight and Supply Chain Strategy.

The RTBU is the principal union in the public transport and rail freight industries, with over 30,000 members around Australia. Our members work on the frontline of Australia's transport sector and bring unique insights to freight and supply chain policy issues.

[Do the strategy's current goals support the needs of the freight and supply chain sector moving forward?](#)

The RTBU fundamentally agrees with the assertion in the discussion paper that the COVID-19 pandemic and various natural disasters (including fires and floods) have exposed serious vulnerabilities in our national supply chains.

Over the past few years Australia's freight and supply chains have been seriously disrupted, leaving communities, and even entire states, stranded and without access to basics like food and medicine for extended periods. For example, transcontinental rail freight services from Australia's eastern states to Western Australia and the Northern Territory were disrupted for weeks in early 2022 due to damage to the east-west rail line from flooding near Tarcoola Junction in South Australia. These failures exposed the fragmented nature of our supply chains, and a lack of national coordination.

It is now clear that Australia cannot leave the security of its national freight and supply chains in the hands of market forces alone. If you leave all your eggs in the cheapest basket, eventually they're going to get broken.

The RTBU contends that the current National Freight and Supply Chain Strategy needs a substantial overhaul. It needs a clearer sense of purpose, and it desperately needs to specify how all levels of government will be held accountable for the delivery of the strategy.

The Strategy must therefore guide the development of a national freight and supply sector that supports a range of national interests – including:

- **improving national productivity;**
- **securing the resilience and sovereign capability of our supply chains;**
- **improving workplace safety; and**
- **reducing carbon emissions and reaching Australia's 'net zero' targets**

[Should other goals be included in the Strategy, and if so, what?](#)

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The RTBU argues that the goals of the Strategy should more explicitly recognise the economic imperative of improving national productivity. We contend that under-investment in critical transport infrastructure is harming the ability of key export industries to get their products to international markets, and acts as a hand-brake on national economic growth. This is perhaps most acutely felt by agricultural producers in areas such as the Murray Basin in Victoria and the Western Australian Wheatbelt, where progress on long-mooted improvements to rail infrastructure have been painfully slow.

As discussed above, the COVID-19 pandemic and natural disasters have exposed serious vulnerabilities in Australia's national supply chains. Responding to these vulnerabilities is partly about building more resilient infrastructure – but it is also about securing sovereign capacity and ensuring supply chains have the flexibility to continue to function effectively when disruptions affect the operations of one or more modes. To this end, the Strategy must acknowledge that asymmetries in the way different modes apply user-pays models for access to infrastructure result in market distortions that erode the competitiveness of more efficient and safer forms of freight transport (i.e. rail), particularly over long distances.

We note that the existing strategy is silent on the issue of skills and training. While skills development is subject to its own national framework, we nonetheless contend that the Strategy should at least recognise the importance of skills development in the context of a 'whole of systems' approach to Australia's national freight and supply chains.

The RTBU therefore recommends that the goals of the Strategy be updated to include:

- a direct reference to **productivity and economic growth;**
- a reference to ensuring that **freight modes operate within a coordinated national freight system, but are also able to compete effectively on a level playing field;**
- a reference to ensuring **resilient and flexible supply chains, and securing sovereign capability in the freight and supply chain sector;**
- a new goal of **decarbonising freight transport and supply chains;** and
- a new goal of **developing appropriate skills pathways to meet future workforce needs.**

The RTBU also contends that the goal of achieving 'an informed understanding of acceptance about freight operations' is critical to protecting freight corridors, however greater understanding, on its own, is not enough. We believe that **the needs of Australia's freight and supply chains need to be given greater priority in planning systems.**

[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 RTBU is not concerned about the size or number of actions, however any consolidation of actions should not lead to a reduction in the overall scope of the strategy. Indeed, the RTBU contends that the scope of the strategy needs to be broadened (see above).

[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 RTBU contends that the Strategy needs to address the issues of:

- Weaknesses and vulnerabilities in current transport infrastructure (especially in the rail sector);

- Reducing the reliance of regional areas on ‘Just In Time’ (JIT) supply chain management; and
- Inadequate processes for infrastructure project planning and delivery.

Rail Infrastructure Vulnerability Audit

The Australian national rail network is predominantly a single-track railway, with much of the below rail network a legacy of 19th century infrastructure.

The relative neglect of rail infrastructure (compared to the road network) over the past 60 years has resulted in a vulnerable network. The network can be forgiving, but ultimately it never forgets the neglect, and becomes very vulnerable to disruption arising from extreme weather events. Significant investment is now needed to bring the national rail network up to 20th and 21st century performance standards.

To this end, a vulnerability and conditions audit of the declared national rail network would:

- quantify the level of maintenance investment required to maintain the rail network in a safe and reliable state;
- identify alignment upgrades to improve transit time and rail freight productivity; and
- strengthen the below rail network to make it resilient to extreme weather events (which are increasing due to the impact of climate change).

The rail network is also vulnerable to its lack of alternative routes when major disruptions occur, therefore a rail network condition and vulnerability audit should also identify areas of weakness/vulnerability that need urgent investment attention to mitigate these emerging risks.

Reliance on ‘Just In Time’ supply chain management

The RTBU contends that the Covid-19 pandemic demonstrated the risks associated with the “Just In Time” (JIT) Supply Chain model, particularly for regional areas.

A paradigm shift is required in Australia to move away from the existing JIT model for non-perishable freight items with long supply chains, and towards regionally-based supply chain hubs/precincts strategically located with warehousing storage and buffering for non-perishable but important items. Ideally, such regional precincts would be located near multi modal transport infrastructure assets and would be built to withstand flooding and fire risks. This would ensure vital supplies could be provided locally during times of supply chain disruption or climate disasters, including while infrastructure is being repaired.

Reducing the reliance on JIT supply chain management would require commitment and cooperation from all levels of Government – including identifying appropriate locations for hubs/precincts, and providing incentives for private sector involvement.

Improving processes for planning and delivery of infrastructure projects

The recent spike in costs in the construction sector has seen governments around the world looking to review and reduce the scope of major infrastructure projects. (for example the HS2 project in the UK). Similarly, finding constraints and concerns over the impact of infrastructure spending on inflation have led government to think more carefully about how projects are delivered over time - in a staged manner and with clear understanding of how each stage will connect to each other - to reduce risk and minimise costs.

The development of project concepts and final designs are generally limited to a set geography and time. As a result, opportunities for making good connections between stages and thinking of how a current project should evolve to meet future needs are often ignored.

A clear example of an opportunity to apply this approach, although not in the freight space is in relation to High-Speed Rail, where sections of a future comprehensive High Speed Rail system can be delivered over time, bringing benefits to communities as it is rolled out. The key here is to determine what the system will look like and how it will operate, preserve necessary options such as regional and urban corridors in the near term and develop a suitable staging strategy from there.

Conversely, an example of poor consideration of synergies in infrastructure planning is the single-minded focus of the ARTC Inland Rail project as a freight railway, ignoring the obvious opportunity to construct the infrastructure for a passenger rail system between Brisbane and Toowoomba, at a fraction of the cost of a stand-alone passenger network which will ultimately be constructed sometime in the future. Constructing a passenger rail system with Inland Rail would reduce total cost and bring forward community benefit.

The RTBU therefore recommends that additional actions should be added to the Action Plan, while several existing actions should be amended:

Action Area 1 - Smarter and targeted infrastructure investment:

- A new action should be included relating to **the development of appropriate infrastructure standards to ensure transport networks meet the needs of freight operators**. This action is needed to bring all parts of our supply chains, particularly in the rail sector, up to a level that meets industry needs.
- A new action should be added to **conduct a rail network condition and vulnerability audit to identify areas of weakness/vulnerability that need urgent investment to mitigate emerging risks**.
- A new action should be added to **work with industry and emergency management agencies to reduce the reliance of regional areas on the 'Just In Time' supply chain management model**.

Action Area 2 - Enable improved supply chain efficiency

- This Action Area should be changed to ***'Enable improved supply chain productivity'***.
- A new action should be included relating to the need **for competitive neutrality between modes to ensure market distortions that undermine productivity, or lead to greater carbon emissions, are minimised**

Action Area 3 - Better planning coordination and regulation,

- Action 3.1 should be amended to **mandate the integration of freight and supply chain planning in the decision-making of Australia, state and local government planning**.
- Action 3.4 currently prioritises 'reducing regulatory burden' over safety. The RTBU asserts that this prioritisation of reducing the so-called 'burden' of regulation is no longer appropriate. Moreover, a lack of regulatory consistency can also lead to reduced safety outcomes for workers. This action, therefore, should be re-written to clarify that the goal of improved regulation is to **better ensure the safety, security and (economic and environmental) sustainability of freight networks, while**

supporting innovation and ensuring regulatory and operational consistency wherever possible across jurisdictions.

- A new action should be included relating to the goal of decarbonising freight transport and supply chains should be added. These actions should include **support for the development of locally-manufactured zero emission technologies.**
- A new action should be added to **improve processes for the planning and delivery of infrastructure projects and upgrades.**

What KPIs are useful to measure the success of the Strategy?

The RTBU supports the Strategy's goal of achieving 'safe, secure and sustainable operations'. In this context, it is critical that KPIs on safety, and particularly in relationship to workplace safety incidents, are collected and published.

Progress towards the development of zero emissions freight transport and supply chains should also be measured.

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

Workplace safety data should be collected from employers as well as from safety peak bodies such as the Office of the National Rail Safety Regulator (ONRSR).

State and federal authorities should also work together to ensure relevant information about freight and supply chain carbon emissions (across all modes) is recorded. This will assist in planning decisions to decarbonise the industry.

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

The RTBU agrees that it is important for the review of the Strategy to consider other related reports and inquiries. In that context, we can advise that we will submit our Rail Freight Policy Action Plan, which is being developed in conjunction with the *Centre for Future Work*, in the coming weeks. This Action Plan will outline additional research and policy context to support our submission and inform the review.

Are the governance arrangements appropriate to support the effective implementation of the Strategy?

The governance arrangements around the Strategy are frankly ineffective as there is no mechanism to ensure the strategy is actually implemented. The new strategy must:

- **specify which agencies, at all levels of government, are responsible for delivering action items;**
- **specify where funding for action items is coming from; and**
- **be coupled with a reporting mechanism (including an annual report to the Federal Parliament) to demonstrate progress on each action item.**

We note that there are no clear funding incentives to drive compliance with the strategy from state, territory and local governments. **A stronger relationship between funding and the delivery of Strategy objectives is required.**

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

The RTBU has had no engagement with the Freight Industry Supply Chain Reference Panel, and we do not see that it adds any value to the Strategy. We also note that a goal of the strategy is to achieve a 'skilled and adaptable workforce', and yet there are no workforce representatives involved in the Strategy's governance bodies. To that end, governance arrangements for the revised Strategy should include direct engagement with workers in the freight and supply chain sector and their unions.

We therefore recommend that **the Freight Industry Supply Chain Reference Group be abolished and replaced by a broader consultative body, including a cross-representation of industry and worker representatives, with a clear remit to provide practical advice to all levels of government on the effective implementation of action items.**



Mark Diamond
NATIONAL SECRETARY