



Australian Government



Australian
**Small Business and
Family Enterprise**
Ombudsman

6 October 2023

Freight and Supply Chain Strategy

Department of Infrastructure, Transport, Regional Development, Communications and the Arts

111 Alinga Street

CANBERRA ACT 2600

via email: freightstrategyreview@infrastructure.gov.au

Dear Sir/Madam,

A collaborative, targeted and measurable National Freight and Supply Chain Strategy will encourage safe, secure and reliable supply chain routes for small businesses.

The Australian Small Business and Family Enterprise Ombudsman (ASBFEO) acknowledges the Australian Government's commitment to ensuring safe, secure and reliable supply chains for consumers and small businesses; and welcomes the review of the National Freight and Supply Chain Strategy.

Small and family businesses often do not have a comparable financial buffer to their larger business counterparts, making them more vulnerable to the impact of supply chain disruptions during the event of a disaster. A well-considered National Freight and Supply Chain Strategy will ensure Australia's supply chains are resilient and adaptable, safeguarding small businesses against unforeseen challenges.

With the above in mind, the ASBFEO supports retaining the strategy's four critical action areas, as small business stakeholders have provided feedback on the need for:

- deepening cooperation between each level of government to leverage, coordinate and enhance related strategies and programs to improve the resilience and connectivity of transport infrastructure
- revising the 'benefit-cost ratio' (BCR) for infrastructure investment in regional rural, and remote areas, to account for end-user social and supply chain network benefits, including the importance of all-weather resilient roads
- applying a consistent transport infrastructure data collection framework or data standard, such as Austroads's Road Data Standards for local governments, to report transport infrastructure requirements and inform project and funding decision making
- establishing a cross-jurisdictional (or national) knowledge-sharing platform to inform road users of real-time road accessibility and improve their ability to efficiently route and re-route haulage trips, based on road limitations, weather conditions and hard road closures. Stakeholders specifically suggested the Australian Government could consider replicating the Tasmanian heavy vehicle access management system (HVAMS) nationally.¹

¹Small business industry stakeholder groups, February and March 2023, *Australian Small Business and Family Enterprise Ombudsman (ASBFEO) consultation regarding regional, rural and remote road resilience*.



Recognising the shared responsibility for freight, supply chain and associated infrastructure across jurisdictions, we provide the following recommendations.

1. The strategy should clearly articulate how it interacts with other Australian Government initiatives related to freight and supply chains.

We acknowledge that in addition to the strategy, the Australian Government is delivering multiple initiatives that support the development and delivery of safe, secure and reliable freight and supply chain infrastructure, including:

- reviews of Infrastructure Australia and Inland Rail
- establishing a Strategic Fleet
- developing an Aviation White Paper and Infrastructure Policy Statement
- transport being a priority investment area of the National Reconstruction Fund
- national heavy vehicle law reform
- modelling transport options to reduce costs and improve efficiency and resilience with the Transport Network Strategic Investment Tool (TraNSIT)
- the Bureau of Infrastructure and Transport Research Economics (BITRE) Road and Rail Supply Chain Resilience Review
- Parliamentary Inquiry and stakeholder interest in a National Food Security Strategy and dependencies on critical (yet vulnerable) cross-continent transport links and ‘last mile’ linkages for agricultural/food production.

Given the strategy sets a national vision for freight systems and domestic and international supply chains to 2040 and beyond, it should recognise these Australian Government initiatives and consider how to best fill any remaining strategic gaps to provide safe, secure and reliable supply chain routes.

2. The strategy should emphasise disaster preparedness and resilience as a critical component of meeting the objective of ‘safe, secure and sustainable operations’.

While the current strategy acknowledges the importance of ‘safe, secure, and resilient freight systems’ for Australia, there are gaps in the strategy’s goals regarding disaster preparedness and resilience.

As highlighted in multiple publications concerning supply chain and infrastructure resilience, the recent impact and increasing number of natural disasters due to climate change, the COVID-19 pandemic and geopolitical shifts have highlighted the importance of supply chains to the delivery of essential goods and services, reducing cost of living pressures and improving Australia’s prosperity.²

The Royal Commission into National Natural Disaster Arrangements shared this sentiment by recommending ‘Australian, state, and territory governments, in consultation with local

² Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *Review of the National Freight and Supply Chain Strategy - Terms of Reference*, August 2023; *National Freight and Supply Chain Strategy 2021-22 Annual Report*, December 2022.



governments and the private sector, should review supply chain risks. This is to consider and implement measures ensuring the supply of essential goods during natural disasters.’

Further, preliminary findings from the Road and Rail Supply Chain Resilience Review (being conducted by the Bureau of Infrastructure and Transport Research Economics) identify crucial climate and human-induced vulnerabilities in our supply chains, including extreme weather events, cyber threats and challenges relating to the increasing freight task, workforce, coordination, capacity and capability.³ These vulnerabilities can lead to both immediate and prolonged impacts. It is imperative for the strategy to consider and effectively incorporate the recommendations from this review to bolster the resilience of supply chain routes, especially during disaster scenarios.

Further, the ASBFEO Small Business Natural Disaster Preparedness and Resilience Inquiry (2022) highlighted small businesses’ frustrations with interruptions to operations. Community and business leaders told us repeatedly that critical infrastructure in many cases wasn’t fit for purpose in the event of a natural disaster. Notably, many were exasperated by their inability to function, not owing to a lack of stock, but because of supply chain disruptions.

3. The strategy should further highlight the critical role of local government in providing transport infrastructure that improves resilience and enhances competition.

We acknowledge the Australian Government’s commitment to improving local supply chain infrastructure through various grant programs, including the roads to recovery, bridges renewal, black spot, local roads and community infrastructure programs, and the financial assistance grant.

To ensure the strategy is all-encompassing of various governments role in providing first and last-mile, major and alternative supply chain routes, it should more heavily emphasise the vital role that local governments play in preparing and maintaining transport infrastructure. It could also highlight the challenges for local government in maintaining and upgrading local infrastructure that is often critical during disasters, as they provide alternative transport routes that reduce community and small-business dependence on single large suppliers and relatively infrequent delivery schedules.

An example of a critical freight and supply chain route that interacts with local roads is found in the first report from the ongoing Road and Rail Supply Chain Resilience Review, which identified the Stuart Highway as being critical, yet highly vulnerable to the changing climate.

The 2,781km Stuart Highway is a critical north – south route that runs between Port Augusta in South Australia and Darwin in the Northern Territory via Alice Springs. Fuel transport represents 32 per cent of the total freight task. Mining and livestock each represent 20 per cent of the total freight task. 40 per cent of movements along the route originate at a property or port, and 20 per cent are destined to a port.

The Stuart Highway passes through 16 local government areas (LGAs) and supports supply-chain routes for over 283 LGAs. This highway is essential infrastructure for many local governments, but at least 16 local governments would be maintaining infrastructure (local roads) that may be strategically valuable as alternative routes during disasters or disruption.

In conjunction to the above, the Australian Government should consider expanding the strategic local government asset assessment project, potentially upgraded with artificial intelligence

³ Road and Rail Supply Chain Resilience Review – Phase 1: Building an evidence base of road and rail supply chain resilience, February 2023.



functionality to provide consistent, real-time data about local government freight needs, optimal and alternative access routes, any linkages to state development plans and any funding requests made to the Australian Government.

4. The ASBFEO supports concentrating the Australian Government's efforts and reporting on those projects requiring coordinated action by all jurisdictions.

As stated in the current strategy, 'all tiers of government and industry have a role to play in helping Australia meet its future freight needs'. However, we recognise the limits of the Australian Government's responsibility and influence to assign priority to specific infrastructure development plans projects and deliver specific projects.

Noting that 288 of the 380 initiatives documented in the strategy's latest annual report are state/territory specific, the ASBFEO supports state and territory governments and industry representatives working together to identify and implement a smaller number of high priority actions where national collaboration is needed to deliver on the goals of the strategy.⁴

This will provide for a more concise, relevant and material annual report, ensuring the strategy's performance can be monitored effectively and allow the Australian Government to focus on those areas in which it can drive better planning, coordination and regulation of freight and supply chain infrastructure.

5. The ASBFEO supports the review's intention to identify a small number of national, data-driven, and high impact national key performance indicators to monitor implementation over the next five years.

While introducing a freight cost index in the 2020-21 annual report was useful, tracking total government expenditure on transport infrastructure is not in itself a performance indicator, unless it is directly linked to strategic outcomes such as greater efficiency, competition, access, safety or resilience.

Further, the proposed indicator of average freight-carrying truck age (as a proxy for measuring the safety of road freight vehicles) cannot feasibly be included so long as the ABS Motor Vehicle Census is unavailable.

Any new national key performance indicators should be informed by a broad cost-benefit approach (which accounts for Australia's unusual concentrations of population in two cities and large areas of low population), consistent with the strategy's focus on meeting and anticipating regional transport network needs and strengthening economic and physical resilience.

If you require any further information, please do not hesitate to contact advocacy@asbfeo.gov.au

Yours sincerely

The Hon Bruce Billson

Australian Small Business and Family Enterprise Ombudsman

⁴ Department of Infrastructure, Transport, Regional Development, Communications and the Arts, *National Freight and Supply Chain Strategy 2021-22 Annual Report, Appendix A: Progress report*, December 2022.