# Freight

*Freight, once flavour of the month, has slipped down the national agenda. The Commonwealth inquiry into freight might be a chance to reverse this, but only if freight comes into the mainstream. A properly conceived policy should be the starting point of any urban transport initiative or ‘city deal’.*

## The problem

Freight is the unattractive relative of the transport scene. While essential for the economy and jobs, its special needs get overlooked in city planning. Worse, it can get forced into poor locations and can follow unsuitable routes.

Instead of a sharp focus on this structural issue, the current freight story propounded by governments has skewed attention to myriad lesser matters. A result is that structural freight problems are increasingly intractable; undermining the trajectory of Australia’s economy, employment, social and environmental outcomes.

Recently the Minister for Infrastructure and Transport, the Hon Darren Chester MP announced an inquiry into freight and supply chain productivity to be assisted by some transport industry experts and advising the Transport and Infrastructure Council. It intends to support the development of a national freight and supply chain strategy. It is unclear who will undertake the inquiry.

## Simple principles

Freight, movement of goods, follows simple principles which should lead to straightforward policies.

It is a derived demand that follows lowest-cost-to-carrier pathways between where goods are produced and consumed. The most important parts of these pathways are locations where freight is transferred among vehicles; ports and urban terminals.

Freight analysis turns on whether goods have a high or low value to weight (volume) ratio:

* High ratio goods are: consigned in small volumes; carried by small vehicles; time sensitive;
* Low ratio goods are: consigned in bulk; carried by large vehicles; stockpiled.

Only the latter is readily distinguishable from other traffic. This freight is carried in trucks, trains and ships and comes to/from industrial areas, terminals, mines, ports etc.

Activities at these sites would not be welcome in the general community; freight, essential as it is, causes negative externalities including congestion, emissions and loss of amenity. The economic cost of freight is higher than its financial cost.

Policy should:

* Recognise that freight will occur;
* Aim to minimise its total cost;
* Attract freight to specific locations, routes and vehicle types.

The way to do this is to align least financial cost with least total cost pathways by:

* Identifying desired sites for industrial areas, terminals, ports etc.;
* Making least total cost pathways between these sites attractive to freight;
* Protecting these sites and pathways from activities incompatible with freight.

Long term plans should form a social contract; special places for freight.

## Complex policy

In contrast with simple principles, Australian freight policies tend to be complex and inconsistent. They generally emphasise the ‘importance’ of freight via:

* Ubiquity; ‘everything we use has been freighted’ etc.
* Warnings about inevitable rapid growth;
* A belief that more freight is good.

The usual aim is to cut the financial cost of freight. The mechanism is public funding of infrastructure identified by bureaucracies. Slogans like ‘freight goes everywhere’, ‘the last mile’ and ‘road reform’ are deployed in support.

Such arguments are suspiciously like lobbying efforts directed at Treasuries. Worse, public policy is presented as aimed at advantaging industry rather than protecting the public interest – an increasingly worrying trend in at least transport.

The suspicions are not diminished by ignoring: public concerns; the case for freight-only infrastructure; road subsidies; freight interests in roads. Freight names have been given to road projects aimed at car use. Officials seek ‘evidence’ from which policy might emanate, abet local government bashing and attempt to keep busy by looking at logistics.

In these circumstances it is not surprising that freight continues to suffer unjustified bad press with (at best) dubious claims of: monster trucks causing carnage; rail noise and dust; despoiling the Barrier Reef etc.

Many urban cheerleaders are oblivious to freight. Perhaps it’s because they know people don’t like freight, freight is in another departmental silo or freight arguments are no longer needed to win public funding for pet projects.

## A reset

Freight policy is important despite current deficiencies because it needs to balance public amenity and costs faced by business.

The central question is: *where do we want freight located?* The places for freight should not be determined by lists of where it is today, vested interests or hidden agendas. Especially not the key places for freight; seaports and their land and sea approaches.

The question is too important to ‘leave to the states’. The Commonwealth should be involved:

1. The interstate, international or interoperability characteristics of freight are among the few Commonwealth responsibilities in urban areas;
2. Locational requirements mean freight must be the foundation of any national or ‘city plan’ eg. certainty about the future of a seaport is a precondition for other urban planning;
3. It is a proving ground. An inability to deal with freight proves incapacity to deal with other urban matters that the Commonwealth might wish to involve itself in.

In its last term in Commonwealth Government Labor recognised the issues by having a national ports strategy signed off by all Australian governments. Unfortunately, despite efforts by the freight industry and some states, and media releases by the Commonwealth there has been little action since.

## The future

The starting point for freight lies with the major ports. Protecting port opportunities, including sea and land access routes, will remain the most important national transport issue for the foreseeable future.

Yet there are policy failures which, left unaddressed, will have serious national consequences. Restrictions on Newcastle port for the next 47 years, until recently hidden from public view, is one example.

For the Commonwealth, insistence on proper port and access protection plans should be the start to freight and city policy. Together these plans and port policies need to make national sense. To date efforts in this direction don’t exude success.

Redrafting policies, substituting the buzz-word ‘logistics’ for freight, is inadequate. Even worse is descriptive nonsense trying to ‘capture’ in ever-more detail where freight is conducted today.

The Australian infrastructure plan needs to be strengthened to robustly and definitely address freight. It is a higher economic and social priority than the popular ‘congestion’ topic; and unlike congestion is amenable to resolution.

City plans need to deal with freight, locations and routes, if nothing else.

Unfortunately, despite some having good intentions, the inquiry into freight and logistics recently announced by the Commonwealth seems wide of the mark. It is unclear who is to conduct the inquiry and who will benefit from its insights. The assisting expert panel has an unclear role and may face conflicts of interest. It appears to assert, despite an absence of evidence, some success of existing governments’ port and freight ‘strategies’. It refers to the transport Ministerial Council which stands in the way of progress on related topics, notably rail.

Ironically, if unsurprisingly, the fact of the inquiry fails to understand the cover of Infrastructure Australia’s report on the matter; a montage of some of the very many freight inquiries /studies/ reports which have not lead to substantive action.

Unless substantial progress is quickly made it will be time to reconsider responsibilities for Australia’s major ports and freight lands. The inquiry should look at this. With major failures now coming to public light, perhaps it is already time to change responsibilities in some states; to bring these into line with practices for airports, as Prime Minister Howard was tempted to do.

As ever, second tier cities are the sensible place to start.

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