# **JOHN AUSTEN – Freight policy: where is my chainsaw 1?**

*A recent report on freight and supply chains leads Governments astray. This is the first of two articles challenging its view that more bureaucracy and data is needed to deal with a supposedly ubiquitous task.*

Recently I promised to comment on the freight and supply chains review report – a subject of a post by Luke Fraser. <https://johnmenadue.com/luke-fraser-freight-fresh-disappointment-for-our-prime-minister/>

The review was conducted by four well-regarded industry people. The essential problem: Governments don’t take freight seriously enough. <https://infrastructure.gov.au/transport/freight/national-strategy.aspx>.

Their answer - more officials putting more ‘evidence’ to politicians - could not be more wrong. The reasons entail lots of dirty linen that needs turfing out.

**The freight inquiry**

The inquiry was established by the Minister for Urban Infrastructure, the Hon. Paul Fletcher MP. Terms of reference were to consider priorities for national freight and supply chains; container ports, intermodal terminals and airports were mentioned.

The report is one of many over the past three decades concerning freight, most seemingly ghost-written by officials.

It argued priorities are hard to determine because of a lack of data. Nonetheless, freight is increasingly impeded in urban areas by growth in population and e-commerce. Other issues include residential encroachment of freight lands and fragmentation of supply chains. The inquiry acknowledged communities do not react well to the word ‘freight’.

Some 52 recommendations were made. The more pertinent involve gathering more data and increasing the scope and size of government bureaucracies.

**Dirty linen**

Australia’s freight industry has the best and the brightest in transport with businesses envied around the world. Many private sector advisers enjoy high reputations here and overseas.

However, the bureaucracies are a different kettle of fish. While they include some competent and sincere people, ‘freight’ is used to: grow empires; boss others around; avoid responsibility. Some of their activities, described as truculent, are better called dishonest. <http://infrastructureaustralia.gov.au/news-media/speeches-presentations/files/FINAL_MD_CEDA%20Speech_StateoftheNation_25June2013.pdf>

For example, regulators are unable to regulate. There is the lie the national access regime can’t apply to roads. Grossly exaggerated road forecasts and claims of economic gains abound. Rail projects have been white-anted. There are pretences important information doesn’t exist. Policy proposals have been put forward in expectation of rejection after causing much trouble. Inconvenient analyses are ignored. Etc.

No amount of freight ‘evidence’ can fix such shambles.

However, the worst facet is failure to face up to a central truth about freight: people don’t like it. Rather, there are paeans to industry and political masters while the public is admonished to ‘better understand’.

The community understands alright – maybe not every detail – but the big picture is clear: officials sucking up to sections of an unwelcome industry; glossy ‘strategies’ as election fodder; governments tossing pork around; too many trucks yet idle train lines; opponents shouting hysterical claims about monster trucks, killing the reef etc.

Transport agencies, the main culprits, are not alone - central agencies contribute plenty to the debacle.

Confusion is so pervasive any inquiry should start with providing a compass - definitions and consideration of what role governments might play.

However, these matters are almost always ignored. The latest report is no exception.

**Attitude adjustment**

A radical change in advisory attitudes is needed. Starting with basics – public policy principles - of which there is no evidence in freight policy.

For example, there are appearances of conflicts of interest such as: officials on the boards of statutory authorities or industry associations; representatives of interested parties conducting inquiries with implications for their competitors.

There is a belief freight policy should advantage (sections of) industry – contrary to the principle that public policy should protect the community from unconstrained behaviour. Freight policy should ensure community interests are appropriately balanced with the commercial behaviour of freight participants.

Most policy discussions are behind closed doors and decisions on initiatives and projects are generally opaque. Public policy principles of openness, transparency and a right of affected parties to be heard need to be adopted.

Evidence should be sought to confirm/rebut theories of causation in order to develop freight policies likely to produce beneficial results. Instead there are merely tiresome catalogues of ‘problems’ and undirected data trawls. There appears to be no analytical understanding of freight including in the latest review, rather the argument is that as freight is ubiquitous more bureaucratic activity is needed.

Governments should also be models of adherence to the rule of law – in Australia’s Federation the Commonwealth and States should carefully demonstrate their different discrete roles and uphold doctrines such as subsidiarity. This has not been done in freight and reviews have simply ignored the matter.

All this needs to change.

**Freight policy**

The fundamental matter is: goods follow pathways of least financial cost to their owners. This is the freight industry’s job.

Policy should ensure these are the same as pathways of least total cost taking into account indirect costs such as unrecovered infrastructure costs and external costs.

This matters only where costs borne outside the industry are significant and can be reduced.

Those places are: large storage/transfer areas; rail lines and adjacent/parallel roads; sea channels. These places, and the large vehicles using them, create significant costs to others.

Freight policy should not attempt to deal with the plethora of ‘retail’ localities or transport of goods by small vehicles - bringing the shopping home, visits from the plumber etc. Those places and movements are virtually indistinguishable from general settlement and traffic - they are almost immune to national or State freight policies. They are best left to the market, influenced by general policies and by local governments.

**A word on the report**

The mere fact of the report shows an absence of public policy nous in the Commonwealth.

It is unfortunate the report seeks to expand the bureaucracy while forgetting to address the regrettable behaviour, failure to adopt principles and absence of analysis. Even worse – but not unexpected – is that the relevant Ministerial Council accepted it without question. <http://transportinfrastructurecouncil.gov.au/communique/files/Communique_18_May_2018.pdf>

Governments should do the opposite to its essential recommendations. They should start again – after extensive use of the chainsaw. Part 2 will look at this. Meantime, this episode confirms the chainsaw should also be deployed at the apparatus which no doubt told the Ministerial Council to adopt the report and increase its size!

*John Austen is a happily retired former official. He had conducted freight benchmarking studies, was the initial director of freight in NSW transport, advised on the establishment of rail access regimes and national rail organisations and led Infrastructure Australia’s development of ports and land freight strategies. More details will be at thejadebeagle.com*