Narrandera
Shire Council

26th July 2017

Freight and Supply Chain Inquiry
Department of Infrastructure and Regional Development
freightstrategy@infrastructure.gov.au

Thank you for the opportunity to contribute to the National Freight and Supply Chain Inquiry through this submission. We view that an efficient supply chain is critical for the development of regional areas and the achievement of good economic, environmental and social outcomes for the people that live within them.

Narrandera Shire Council (NSC) is a local government authority in the Riverina area of New South Wales (NSW). We have a population of over 5,800 and we have a large number businesses within our LGA area that focus mainly on agricultural production.

NSC has been the lead council of the Food Bowl Inland Rail Alliance, now the Food Bowl Rail Alliance (FBIRA), which has drawn attention to the rail infrastructure in the region. This Alliance is a grouping of councils across the Riverina (NSW) and Goulburn Valley (Victoria) regions. This region represents over 200,000 people and produces around $10 billion in agricultural output.

Our efforts have shown that there is a significant and growing freight task from this broad 'food bowl' region of Australia and that a large portion of this is destined for export markets. The majority of this production that is exported is sent through the port of Melbourne with road and rail freight playing a role in getting freight to market. There are also import freight tasks to the region and intraregional freight tasks. Producers have noted that the cost of this transport is in the magnitude of 30% of their total cost of production and that they have little ability to control this cost. Therefore, investment (by government or others) in this supply chain (or modifications to it and the regulatory environment that it is subject to) may be warranted.

Our response will answer those questions that you have asked that are relevant to our LGA and are presented as follows:

What is moving where, why and how?

- What infrastructure is used in your supply chain and how well does it perform?
- What changes would you like to see to make your supply chain work better?
- What data gaps are you aware of in relation to Australia's freight and supply chains?

Note: The demand information in this section (and this submission) is based on incomplete demand information sourced from several studies that have not been reconciled. Refer below for details about these issues.

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What is moving?

The following are the demand volumes obtained in 2014 survey completed by AECOM for the Food Bowl Inland Rail Alliance. Refer to their report (attached to this submission) for more information on commodity types and volumes.

Commodity	Volume (2015)	Volume (2035)
Bulk Grains	> 1.6 million tonnes	> 2.9 million tonnes
Containers	> 130,000 TEU	> 238,000 TEU

Source: AECOM 2014

Please note that these volumes are incomplete. This is for the following reasons:

- Volumes are based on survey demand from only 35 producers in the region.
- Volumes do not capture volumes relating to recent production increases such as for cotton which has significantly increased production since 2014
- Volumes do not consider import traffic and intraregional traffic that may be present. For the latter of these volumes, there is zero recorded volume however it is abundantly clear that significant volumes of inputs are brought into the region, such as fertilisers, consumer goods and packaging for export goods. One such example would be wine bottles, where it is known that more than 15,000TEU is exported from the region through Melbourne, and so the same volume of bottles is required to be imported into the Riverina region.

A 2014 study of intermodal container volumes in the Riverina and Southwest Slopes and Plains for Transport for NSW identified the following volumes from the Western Riverina area. As with the AECOM study, this demand analysis is incomplete and does not reflect recent trends. Particularly in cotton growth.

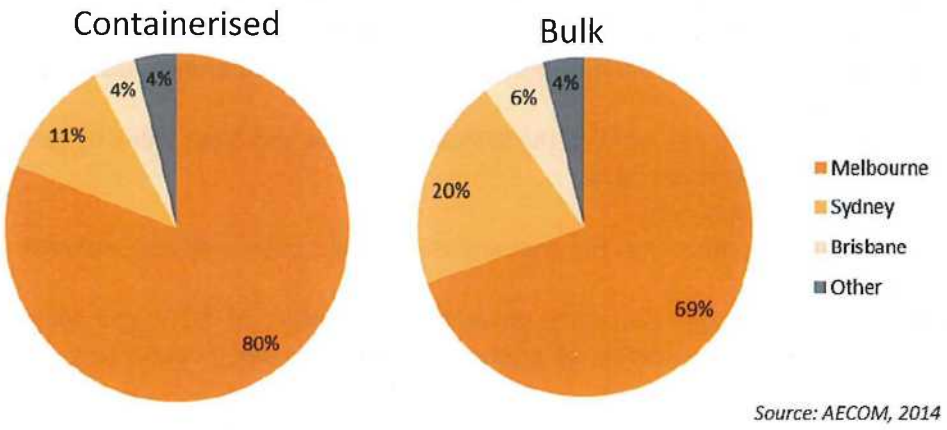
Commodity	Volume (TEU)(2014)
Bulk Grains	14,000
Cotton	7,000
Rice	15,300
Wine	17,100
Meat	3,000-4,600
Citrus	13,000
Other Food	360
TOTAL	71,360

Source, PWC 2014

Local, informal estimates indicate that the volume of containerised freight both inbound and outbound could be substantially higher than the quantified amounts in the studies above. As noted by the AECOM study, producer estimates show that production is expected to increase significantly over the next 20 years. Indeed, this is supported by substantial growth in the cotton industry since the study date and further growth across all industries as water allocations return to pre drought levels.

Where is it moving to and why?

The AECOM study found that the majority of freight from the Riverina and Goulburn Valley regions was destined for Melbourne. Refer below.



Source: AECOM, 2014

Narrandera Shire Council hosted a rail user workshop on June 27, 2017 subsequent to the announcement by the Federal Government to fund the Inland Rail project using the Albury alignment. This workshop was to further elaborate what the transport issues are in the region give that there had been significant comment about the need for better freight infrastructure in the Western Riverina region. Refer to the attached document "Rail User Workshop – Stakeholder Engagement Report" for details of user views provided at the workshop held by NSC.

Stakeholders in the stakeholder workshop noted that the preference for Melbourne as the export port was due to Melbourne's proximity to the region and geographic ease in accessing destinations in Melbourne. Sydney was noted to be able to give shorter shipping times, but there was a clear preference for Melbourne freight given the overall lower supply chain cost compared to Sydney.

We request that freight volumes to and from the Riverina and Goulburn Valley regions, and its origins and destinations be more completely and accurately quantified and recognised in transport infrastructure planning purposes.

How is it moving?

Both road and rail infrastructure are used extensively to move product to port for export. Road infrastructure is used to move goods into, out of and within the region for domestic purposes.

The rail network to the Riverina is served by an existing standard gauge rail connection to the interstate network at Junee. This has 5 (soon to be 6) timetabled intermodal services to the Riverina. The Goulburn Valley has 6 timetabled broad gauge services per week on two operators (3 each). These services have very similar service profiles, carrying mainly export goods in containers to the Port of Melbourne.

What changes would improve the network?

Rail changes

As identified by stakeholders in the rail user workshop, some of the key issues being faced by users are:

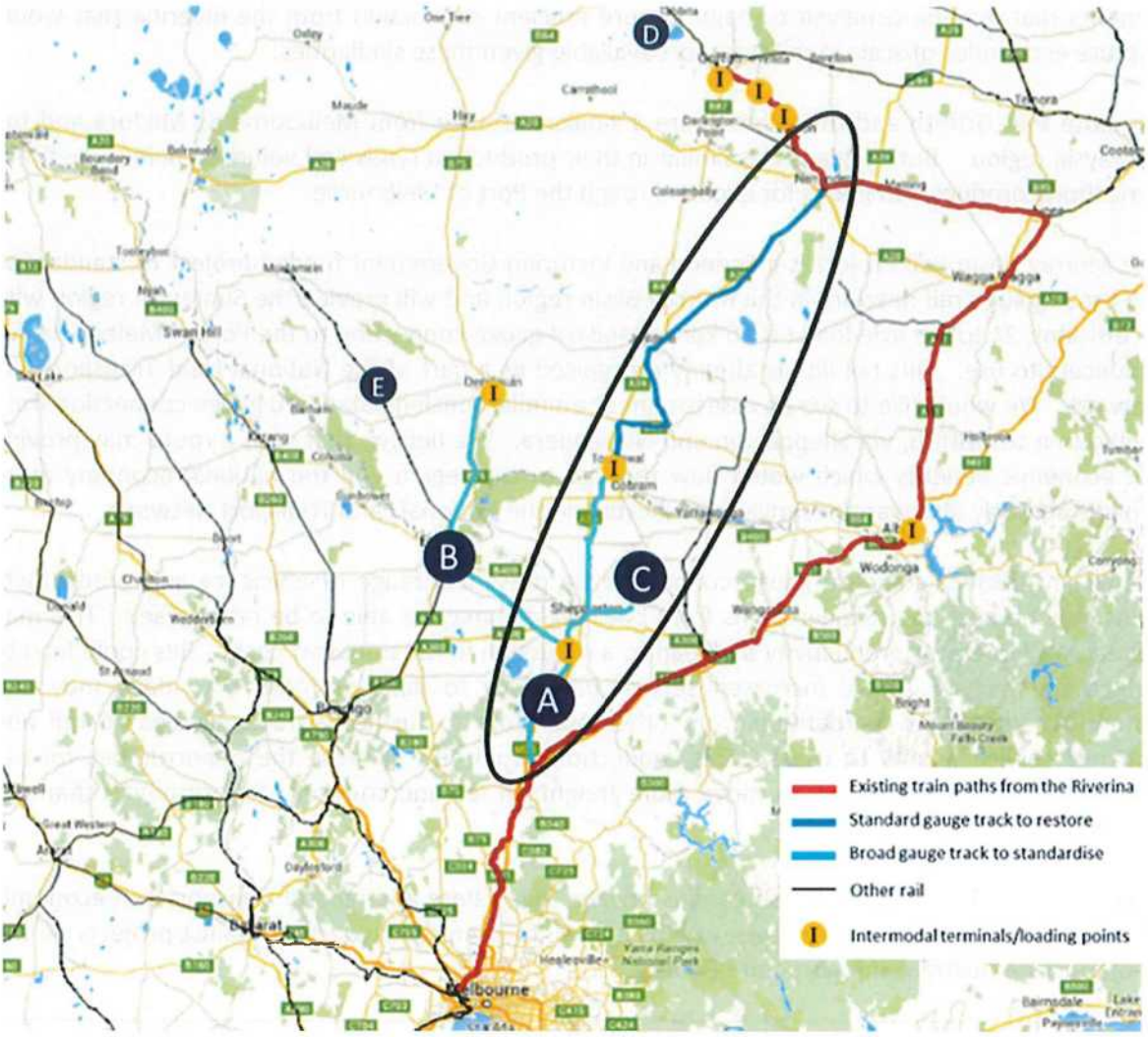
- The time taken for trains to travel from the Port of Melbourne to the Western Riverina and back to the Port of Melbourne (15 hours each way) is too long
- Broad gauge and limited volumes in the Goulburn Valley render increased rail services to be less than economical
- The service level (5-6 per week in the Western Riverina and 3 per week by two operators in the Goulburn Valley) is not daily
- Axle loads are not sufficient
- There is limited competition for containerised freight with only one operator present on Riverina services
- Given the state border the state government priorities of NSW and Victoria may not necessarily act in the interests of producers in the broader Riverina and Goulburn Valley region.

Workshop participants would like to see consideration of improved rail infrastructure to improve the cost of rail freight transport to Melbourne.

An opportunity exists to make improvements to rail infrastructure in the region that may deliver substantial net economic benefits. A regional freight line using existing rail alignments from Griffith to Melbourne via Narrandera, Tocumwal, Shepparton and Mangalore may improve rail freight economics and therefore improve rail services in the region. This could encourage a rail mode share, lowering the cost of transport to producers and generating a number of externality benefits such as reduced urban congestion, reduced environmental damage and reduced road accident costs.

This route partially follows the southern portion of the Shepparton alignment that was identified in the Inland Rail project and would require the standardisation of the Goulburn Valley line from Mangalore to Tocumwal, and the reactivation of the Tocumwal line from Tocumwal to Narrandera. Other associated works to enable its efficient function would also be required, such as passing loops, and bridge replacements.

Refer to the map below for a graphical representation of this route.



The project area is circled. The dark blue line represents the Narrandera to Tocumwal line to be reactivated. The light blue line represents the Goulburn Valley lines which would need to be gauge converted.

The map shows additional projects that may warrant separate consideration to further enhance the rail network but that may not be an immediate priority. They are listed in an indicative priority order however (to be tested with stakeholders).

A. Increased line speeds to improve Shepparton passenger services, but will also have benefits for all freight services.
B. Standardisation of the Deniliquin branch via Echuca to serve freight needs from Deniliquin
C. Standardisation and reactivation of the Dookie branch line to reconnect a major grain storage site to rail
D. Restoration of the Roto-Hillston link to provide easier access to Perth and Adelaide traffic to the Riverina area
E. Standardisation and reactivation of the Moulamein branch line to reconnect grain traffic to rail.

We note that the Federal Government has recently funded a $10 million study to investigate how to improve the Shepparton line for passenger and freight needs. Freight needs in the Shepparton/Goulburn Valley region may be enhanced through considering the significant network

benefits that may be achieved through a more efficient connection from the Riverina that would capture economies of scale in rail transport available given these similarities.

We note that Griffith and the Riverina are a similar distance from Melbourne as Mildura and the Sunraysia region. Both regions are similar in their production types and volumes, being significant agricultural producers of goods for export through the Port of Melbourne.

The Murray Basin Rail Project is a Federal and Victorian Government funded project to standardise the broad-gauge rail network in the Murray Basin region and will provide the Sunraysia region with an efficient, 21 tonne axle load (at 80 kph), standard gauge connection to the Port of Melbourne for producers to use. This rail line is already recognised as a part of the National Land Transport Rail Network. We would like to see an assessment of a similar efficient, standard gauge connection from Melbourne to Griffith, via Shepparton and Narrandera. We believe that such a route may provide net economic benefits which would flow through to the region and the national economy more broadly and may also warrant similar classification in the National Land Transport Network.

Should an efficient standard gauge connection be present a range of efficiency and productivity gains may be possible. Similar trains from both regions may be able to be rationalised. This may increase rail operator productivity and lead to a reduction in rail transport costs. This could lead to longer and heavier trains, increased service frequency to daily or more than daily may and potentially additional competition from other operators to further attract volumes to rail and enhance service quality to users. This connection could also increase the opportunities for rail operators across the network to move more freight on rail and connect to more points than are currently available.

This project is also consistent with various private, local, state and federal transport and economic development strategies and appears, at a high level, to compare favourably against projects on the Infrastructure Australia Infrastructure Priority List.

We request that the scope of this $10 million study be agreed such that consideration of the above infrastructure opportunity and solution be included in the investigation, and the economic benefits that it may bring. Alternatively, we request that this infrastructure solution be separately assessed to determine these benefits.

Road changes

In addition to the rail changes noted above, there are several road pinch points that have been identified by the Riverina and Murray Regional Organisation of Councils (RAMROC) that may enhance road network performance. Please refer to *Regional Freight Transport Plan* at this link http://www.ramroc.org.au/projects/index.htm. These currently reflect the road network in the presence of current rail infrastructure. This list may need to be revisited/revised if the rail network is changed such as with the proposal above. This may change road network use to increase shorter distance travel to intermodal terminals and reduce longer distance line haul travel direct to ports.

What information is missing?

As noted, freight demand information is not complete and may not provide an accurate viewpoint from which to make infrastructure decisions. Indeed, the work of the FBIRA demonstrated that there was substantially more production in the Riverina and Goulburn Valley regions than was being used in the assessment of the Shepparton and Albury alignment options for Inland Rail. This led to a deeper consideration of the Shepparton alignment in the overall route decision making process.

Information about demand may continue to be missing from infrastructure decision makers. The cotton industry in the Riverina has developed substantially since the demand study work was completed in previous years. The extent of this production is not yet clearly available to users.

In addition, and specifically in relation to the rail infrastructure investment proposed above, there is missing information in relation to the cost of such a project and the economic benefits that it may bring. A feasibility study/economic analysis/business case needs to be prepared to assess this option.

Competitiveness in the Australian freight sector

- In your view, is Australia's freight system internationally competitive?
- What are the key indicators which tell us this?
- How important is freight movement to your business competitiveness?
- Are regulatory factors affecting productivity for your business? How could this be improved?

Based on feedback from users at the freight user workshop, there is a concern that the competitiveness of producers in our region is falling compared to overseas competitors, and that the transport task is part of this reduced competitiveness. The rail transport network is viewed as having poor axle loads, 19th century alignments and low speed limits that reduce the competitiveness of the transport supply chain. The road transport network is viewed as an alternative, but one that involves higher costs.

Given the structure of the transport network, the costs that users encounter when using it are largely out of their control and cannot be managed by them. Only changes to the transport network structure will allow for cost reductions and productivity enhancements to be made.

Cost is therefore one of the key indicators that users use when determining if the network is competitive or not. Anecdotally, cost to move goods from the Riverina to ports represents around 30% of the total production cost of goods, and therefore do have a significant impact on producer competiveness.

Urban Growth Pressures

- What are the key issues for freight in Australia's major cities?
- How can Australia's urban networks better prioritise passenger and freight services in the most effective manner possible?
- How are our cities and supply chains being impacted by changing consumer behaviours such as online shopping?
- What are the critical last mile issues you face in urban areas?

As a regional council, we cannot comment in detail with regards to urban congestion in major cities such as Melbourne and Sydney, or their satellites such as Geelong and Wollongong. We do note however that their historic role as export gateways is not likely to change and these cities will continue to be key points in the freight network through which produces will export their produce. They will also be key destinations for goods for domestic consumption particularly food that is produced in the region.

The expected increase in production highlighted by AECOM from our area will most likely have a flow on impact on urban congestion (i.e. an increase) in major cities that will require consideration by policy makers. If nothing is done about the urban freight network in major cities, congestion will

most likely rise and costs will increase throughout the supply chain that will impact producers in our region as well as city residents. Efficient freight transport networks in major cities are therefore important to address these costs.

Policies and investment to ensure that the regional and interstate rail network is efficiently connected to ports through these cities is one such element of an efficient network. Ensuring that rail access to ports (e.g. the ports of Melbourne, Botany, Geelong, Kembla) for regional freight trains is efficient and allows for minimal additional handling by trucks at the port will help ensure the network is efficient. Managing passenger-freight conflicts is also important. We note that freight transport often moves at night to avoid these conflicts, however additional measures such as further separation of passenger and freight networks (as is the case in Sydney) may help other locations such as Melbourne in enhancing freight network performance.

Port Corridor Pressures - Protecting Land, Sea and Air Connections

- Do you face, or expect in the future to face, problems moving your freight through Australian air, land or sea ports?
- How can Australia's maritime channels be appropriately maintained and able to accommodate bigger ships?
- How are other countries dealing with the landside implications related to distributing cargo from bigger ships?

We have no comment on these questions except to note that port efficiency may be enhanced if quarantine activities can be performed in regional areas for either inbound or outbound freight. Some producers in our region are working with the relevant sections of Federal Department of Agriculture and Water Resources to develop and test procedures to this end which should be supported as required.

End-to-end supply chain integration and regulation

- How effective is your supply chain at transitioning your freight between modes and across boundaries?
- What regulations do you have to deal with in your supply chains?
- How could any of them be simplified?
- Are empty containers a problem for you?

Stakeholders in the stakeholder workshop noted that regulation did play a role in supply chain costs. Key regulation included driver work times and legal load limits (such as axle loads and travel speeds), both on road and rail modes. Inconsistent regulation across the transport network (mainly driven by historic and current state regimes continues to be an issue for producers in our region who interact with Victorian jurisdictions to get their freight to and from port.

Further analysis of these regulations and removal of unnecessary regulations may be beneficial to reducing the overall cost of the supply chain. Producers would welcome improvement to regulation or infrastructure that improves the effectiveness of supply chain integration in our region.

The Air Freight Market

- Are our airports appropriately integrated into surrounding freight networks?
- Are there any international examples of where airports are used more effectively in freight networks?
- Can Australia be making greater use of air freight?

We have no comment on these questions except to note that any improvement to regulation or infrastructure to improve the competitiveness of goods suitable for air freight (e.g. perishable goods) would be welcomed by producers in our region.

Changing Technology

- What emerging technological trends do you think will impact on your supply chain?
- When are these impacts likely to be felt and how does Australia's freight infrastructure need to be adapted to make best use of likely changes?
- Do you feel you can make use of the technology you need?

In the medium term, we expect that changes in technology will allow for the development of a road user charging system that may impact transport decisions made by road users, particularly freight users. This may lead to changed management of the road system including better cost recovery, different investment decisions and more efficient road infrastructure provision.

The impacts of such a decision need to be analysed and understood such that any impacts can be appropriately managed.

We have no further comment on these questions except to note that any improvement to technology would that improves the performance of freight supply chain would be welcomed by producers in our region.

Capacity Forecasting

- Any data or insights you are willing to contribute to assist in capacity forecasting assessment would be appreciated

Please refer to the attached reports for demand information already collected. These reports involved survey methods and suffered from a lack of response from producers.

We note that there likely exists substantial information within businesses that could be better collected centrally by government. These include ports, mentioned only for example, which account for a substantial amount of traffic. Road and rail freight carriers would also contain significant amounts of information on what is moving and where.

The information collected by these businesses, whilst potentially commercial in confidence, has a degree of public benefit given the potential use of this information in transport planning.

Action should be taken to investigate how government agencies might be able to better collect this data in real time and coordinate its analysis to allow for better infrastructure planning decisions to be made at the national level.

Key Drivers of Change for Use in Scenario Planning

- The Inquiry welcomes views on what factors and key drivers of change should be considered in the scenario planning analysis.
- The Inquiry is also keen to identify key functional elements of supply chains through case studies demonstrating how Australia's freight system is working on the ground, including case studies about things working well, as well as examples of the problems and where improvements can be made. Identification of potential future trends in supply chains would be valuable.

We have no detailed comments on these questions. We do note that the increasing production volumes that were identified by AECOM in 2014 and other volumes that may be discovered through better data collection processes should be used in your planning purposes. We note that the collection of additional demand survey data may be warranted given the potential lack of complete data collection of production of freight volumes to and from our area.

A National Freight Performance Network

- The Inquiry is particularly interested in views on the potential need for a national freight performance framework and the likely key indicators.

A freight performance network would be a useful tool in determining how effective the network is and identify where it may be improved. Total supply chain cost should be an indicator of performance given the impact that cost has on the competitiveness of producers in the region. Network capacity measures should also be considered, measured and published.

Thank you again for the opportunity to contribute to the Inquiry. Please do not hesitate to contact me if you would like to discuss this submission further.

Yours Sincerely,

JA Charlton

Judith Charlton
General Manager, Narrandera Shire Council