SUBMISSION TO THE HOUSE OF REPRESENTATIVES INQUIRY

Into the integration of regional rail and road freight transport and their interface with ports

PREPARED BY PARKES SHIRE COUNCIL
CENTRAL WEST NEW SOUTH WALES

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EXECUTIVE SUMMARY

This submission has been prepared by Parkes Council for the House of Representative Inquiry into the integration of regional rail and road freight transport and their interface with ports. Parkes Council is centred on the town of Parkes located in central west New South Wales and has a population of approximately 10,000 people.

The submission highlights the Council's position with respect to a national intermodal freight centre in the area zoned as 'Transport Hub' on the western outskirts of Parkes.

The Council believes that Parkes is strategically located with respect to road and rail transport networks and can therefore play a role in supporting the transport industry whilst at the same time creates jobs and regional prosperity for its community.

With this vision in mind, the Council has worked with the private sector to develop the Parkes Inter-modal Transport Hub concept involving an integrated set of strategic planning instruments and infrastructure to support and facilitate inter-modal transport opportunities in a purposed built environment.

The submission addresses three aspects of the Inquiry's Terms of Reference, namely:

- The role of Australia's regional arterial road and rail network in the national freight transport task;
- Policies and measures required to assist in achieving greater efficiency in the Australian transport network, with particular reference to:
  - the role of intermodal freight hubs in regional areas.
- The role of the three levels of Government and the private sector in providing and maintaining the regional transport network.

With respect to the role of the regional arterial network, it highlights the growing importance of inland highways to service the eastern seaboard, the potential rail link between Melbourne and Brisbane, the need to address the increasing congestion in coastal cities and port precincts and the need to support inland distribution as a national strategy.

With respect to policies needed to achieve greater efficiency through regional intermodal freight hubs, it highlights the need to encourage private sector interest, to permit higher mass limits in areas which are currently not allowed and for governments to invest in access to freight hubs.

With respect to the role of the three levels of government and the private sector, there is much that they can do to encourage regional development, undertake regional planning and agreeing to share and co-ordinate funding of infrastructure to support the transport industry.

1. INTRODUCTION

1.1 Terms of Reference for the Inquiry

On 16 March 2005 the Minister for Transport and Regional Services, The Hon John Anderson MP, asked the Standing Committee on Transport and Regional Services to inquire into the integration of regional rail and road freight transport and their interface with ports.

The Committee subsequently invited interested persons and organisations to make submissions addressing the terms of reference by 9 May 2005

The Committee is to inquire into:

- The role of Australia's regional arterial road and rail network in the national freight transport task;
- The relationship and co-ordination between Australia's road and rail networks and their connectivity to ports;
- Policies and measures required to assist in achieving greater efficiency in the Australian transport network, with particular reference to:
  - land transport access to ports;
  - capacity and operation of major ports;
  - movement of bulk export commodities, such as grain and coal;
  - the role of intermodal freight hubs in regional areas;
  - opportunities to achieve greater efficiency in the use of existing infrastructure; and
  - possible advantages from the use of intelligent tracking technology;
- The role of the three levels of Government and the private sector in providing and maintaining the regional transport network.

1.2 The Parkes Transport Hub

The central-west New South Wales town of Parkes has a Council that has recognised the importance of inter-modal transport to the transport industry and to its community. The Council believes that due to its strategic location in the road and rail transport networks, it can play a role in supporting the transport industry and at the same time creates jobs and regional prosperity for its community.

With this vision in mind, the Council has worked with the private sector to develop the Parkes Inter-modal Transport Hub concept involving an integrated set of strategic planning instruments and infrastructure to support and facilitate inter-modal transport opportunities in a purposed built environment.

The key objectives of the Hub include:

- Provide competitive advantage through a inter-modal approach to freight logistics while ensuring no intrusion on residential amenity
- Provide competitive access to national and international markets
- Facilitate leading edge, logistic operation and logistics chain management
- Champion research, development and innovation
- Meet the logistics demands of market driven agriculture

Success of the Hub requires adequate areas of suitable land purposely engineered to facilitate logistic chain development of this nature, including, utilities, transport corridors, buffers to protect residential amenity and worlds best telecommunication facilities.

All the essential features required for the development of a highly efficient major transport and distribution Hub are available in Parkes.

The standard gauge Melbourne to Brisbane railway such as the Australian Inland Rail, proposed in AusLink and the subject of a recently announced $20 million feasibility study, would created an unprecedented opportunity for the Parkes Transport Hub to develop, not only as a major regional facility but as a national and international distribution centre offering total freight solutions.

The Hub site is situated to the west of the Parkes town, with access roads designed to protect residential amenity from the freight logistics operations. Newell Highway traffic with trucks to B-Double size and western regions traffic to road-train size, will have access to the Hub without impacting adversely on residential amenity or contributing to congestion in the town. Both the Hub and residential areas have the area to grow significantly without adversely affect either's operation.

Parkes is entering a new era with the opportunity to be a specialised inter-modal community, offering fully integrated freight logistics solutions, supported by initiatives to educate a workforce in leading edge freight logistics chain management and technology. The initiative will contribute to the creation of high level skills and assist in retaining young people in rural areas; a national priority for rural communities.

1.3 Issues Addressed in the Submission

This submission to the Inquiry by Parkes Council addresses three issues in the Terms of Reference, namely:

- The role of Australia's regional arterial road and rail network in the national freight transport task;
- Policies and measures required to assist in achieving greater efficiency in the Australian transport network, with particular reference to:
  - the role of intermodal freight hubs in regional areas.
- The role of the three levels of Government and the private sector in providing and maintaining the regional transport network.

The submission provides the Committee with some background information on Parkes and the transport drivers for its Transport Hub in Section 2 before addressing the abovementioned three issues in Sections 3-5.

Council has undertaken a strategic planning process to identify the priorities for transport infrastructure needed to support the hub. This was completed in late 2004 in the form of a draft strategic transport plan[1]. The infrastructure and financial plans developed in the strategic plan are included as Appendices A and B.

2. REGIONAL CONTEXT OF PARKES

2.1 Strategic Location of Parkes

Transport is central to trade and Parkes is well served by road and rail. Parkes is strategically located at the junction of the Newell Highway, the north-south national highway linking Melbourne with Brisbane, and the Transcontinental Railway between Sydney, Adelaide and Perth.

Not only is Parkes located mid-way between Melbourne and Brisbane by road but it is also the closest point to the eastern seaboard for double-stacking containers for the Transcontinental Railway.

The Mid-Western and Mitchell Highways link the region to Sydney by road. Due to this strategic location, Parkes is ideally located for national transport operations. The intersection of these transport routes is shown in Figure 2.1.

2.2 Parkes as a Transport and Logistics Hub

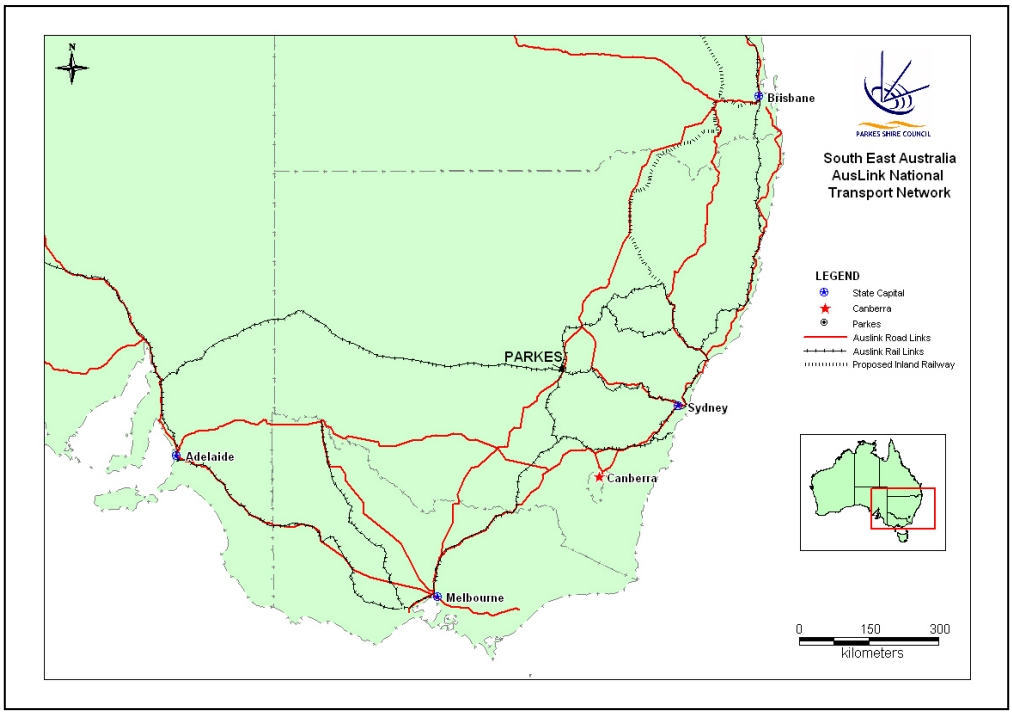
There are a number of inter-related factors, which are underwriting Parkes as a transport and logistics hub in eastern Australia.

The strategic advantage of Parkes has already been recognised by a number of companies. FCL[2] established a road and rail transport logistics operation in Parkes in 1996. It has developed a rail siding and warehousing facilities on its 26 ha site on the western side of the town. It has two warehouses with a total floor area of approximately 3,200 m^2, plus additional awning space. It also operates a logistics centre and dedicated rail services from its facilities at Blayney.

Australian Wool Handlers (AWH) has leased the Western Woolshed in Parkes, which had previously been used as a wool store. The aim is to consolidate greasy wool for the area, and send consignments to various wool stores in Australia. This is a possible precursor to establish a regional store in Parkes. AWH's principals own Australian Topmaking Services (Austops), which operates a modern combing mill for fine and superfine merino wool in Parkes. A 260 ha site has been acquired beside the factory. AWH are required to review their operations in Sydney, Newcastle and Brisbane where leases will expire in the next few years.

[1] Draft Strategic Transport Plan for the Parkes Internodal Transport Hub (October 2004)
[2] Pacific National has recently announced that they have acquired FCL

Figure 2.1: A map showing Parkes Strategic Location



Its largest store is at Yennora in Sydney where the lease is due to expire in 2007. The 100,000m^2 store receives about 300,000 farm bales per year. AWH export approximately 3,500 containers per year through Port Botany. It is understood that the company is considering establishing 2-3 regional stores in NSW to replace the complex at Yennora. Parkes is one location under consideration. Parkes could also be of strategic importance for greasy wool produced in Queensland, if the AWH wool store is closed in Brisbane[3].

Other companies have re-located to Parkes. Silverton Rail, a subsidiary of the Silverton Tramway Company relocated from Broken Hill. It hires locomotives to other companies and hauls minerals from Cobar in western NSW. Nash Tank and Pipe has recently re-located to Parkes from Bendigo. It is investing $3 million in a factory adjacent to FCL. It manufactures tanks for the mining industry and containers for storage of diesel fuel.

Other projects include the proposed Logistics Park by Terminals Australia. The company has taken an option on a 320 ha site to the north of the junction of the northern railway and the Transcontinental Railway. Terminals Australia proposes to construct a spur line from the northern line onto the site, with the aim of servicing warehouse and transfer facilities, which could be developed on the site.

Development of an international airfreight facility at the Parkes Airport has been pursued for a number of years. It has been recently revitalized. A new proponent (11-11 Company) has taken over from IMC and the Parkes Airport Regional Development Authority was launched in July 2004. A former Managing Director

[3] AWH note that rail services between Parkes and Port Botany would need to be augmented to support a regional store

of the Federal Airports Corporation chairs an advisory committee, comprising community and business leaders. The project has called for expressions of interest from importers and exporters, and operators of bonded warehouses and freight terminals.

The overview indicates that a case for developing Parkes as a major inland transport and logistics hub is building. Development of the Melbourne to Brisbane inland rail would clearly be a major catalyst for development, given Parkes' strategic position in the highway and rail network.

3. THE ROLE OF THE REGIONAL ARTERIAL ROAD AND RAIL NETWORK

The regional arterial and rail network has an important role in servicing the national freight task.

Growing importance of inland highways to service the eastern seaboard.

The curvature of Australia's eastern coastline creates natural advantages for inland freight corridor development between Melbourne and Brisbane, and northern Queensland. Brisbane is linked to Melbourne via the national highway through Toowoomba, Goondiwindi, Moree, Dubbo, Parkes and Tocumwal. Northern Queensland is linked to the same corridor via Townsville, Emerald and Miles. There are strategic advantages in developing transport/logistic nodes on the inland corridors to link with distribution centres on the outskirts of the metropolitan cities. Parkes has a strategic advantage for the Sydney basin as it is the closest centre on the Newell Highway. It would interact with other nodes such as Townsville and Toowoomba in Queensland. There is also scope in the future to provide sprint train services. However, this would require an upgrading of rail capacity to enable the operation of faster trains.

Inland rail link between Melbourne and Brisbane

The route of the proposed inland railway between Melbourne and Brisbane was identified in the AusLink White Paper. The Australian Transport and Energy Corridor group have proposed this project for a number of years. The inland rail would intersect with the Transcontinental Rail at Parkes. This would create a major road-rail interchange that could serve all centres in Australia. Parkes is the closest point to the eastern seaboard for double-stacking containers on rail. Parkes has direct double-stack access to the ports in Adelaide, Fremantle and Darwin. There are no other locations in inland Australia that could provide the same storage and interchange services for long distance road and rail haulage if the inland rail were developed.

The recent ARA report[4] on the future for freight highlights the need for modal shift on the Melbourne to Brisbane link. Whilst 70% of the freight between Melbourne and Perth is by rail, only 20% goes by rail between Melbourne and Brisbane. The lack of a direct rail link is obviously a significant factor but it underscores the

[4] The Future of Freight 2005, The Australasian Railway Association (February 2005)

potential for modal shift from the Newell Highway to the proposed inland railway. In fact the ARA report suggests that there is potential to increase rail's modal share to 50% as a result of rail reform.

Traffic congestion in coastal cities and port precincts.

There is growing congestion on coastal highways and near ports, and the costs of augmenting road capacity are rising rapidly. Investment is also constrained by a wide range of urban amenity issues. Traditional warehouse and industrial areas are being transformed in the major cities, which is impacting to varying degrees on port precinct land. There is a need to relocate warehouse and storage facilities, away from areas experiencing encroachment from residential and commercial development. The land in many cases is becoming too valuable to be used for these purposes. This partly reflects a strong shift toward service based economies in the metropolitan cities.

Servicing inland distribution

Existing road, rail and potential air infrastructure will provide the basis of a potentially substantial and sustainable industry associated with freight assembly, distribution, inter-modal transfer, warehousing and trans-shipment. The strategic position of Parkes at the demographic centre of Australia will allow access to 15 million people from a single warehouse site "over night", providing the population belt of Australia a highly efficient, low cost inland freight distribution centre connected to the world and operating 24 hours per day, 7 days per week.

There is a significant opportunity to address the congestion and access to the ports by encouraging the distribution of goods in regional areas. Whilst Parkes is ideally located for this purpose, a number of centres need to be developed through inland Australia as part of a whole of government strategy.

4. POLICIES FOR INTERMODAL FREIGHT HUBS IN REGIONAL AREAS

There are a number of policies that governments need to take with respect to intermodal freight hubs in regional areas.

Encourage Private Sector Investment

The key to developing regional intermodal freight hubs in regional Australia is in creating the right climate for private sector investment and supporting that development through a high level of co-ordination between the three levels of government.

One of the steps taken by Parkes Council to encourage private sector investment was to amend the Local Environment Plan by:

- Rezoning rural land in the Goobang Junction area to Transport Hub, and
- Rezoning the travelling stock route and crown reserve corridors around Parkes to Service Corridor.

Terra Consulting undertook an environmental audit[5] in 2002 and the Parkes Local Environment Plan was duly amended in 2004.

During this time, Parkes Council was in negotiation with Terminals Australia to ensure that there were no regulatory impediments to their proposed intermodal development. The general premise behind the support of Council was the belief that there were greater benefits in sharing infrastructure co-ordinated through a single developer than through a multitude of independent and small operator developments.

Permit Access to Higher Mass Limits

Another area where Parkes Council has attempted to facilitate greater efficiency in the freight task was in seeking higher mass limits to the Hub area.

The Parkes Hub is located to the west of the Newell Highway with access from Hartigan Road, a local road under the responsibility of Council. This close proximity to the Newell Highway is significant for operators at the Hub because the Newell Highway is the only route in New South Wales permitted higher mass limits for its entire length. Council has a policy of assisting transport operators gain a HML permit from the RTA for the short length of local road between the Hub and the Newell Highway. This would allow them to transport inter-state by road to Queensland and Victoria at the higher mass limits.

Without HML access to the Hub, freight depots would be forced to locate on the Newell Highway, which would severely restrict intermodal operations because of limited opportunities for access to the rail network and would be a poor land-use transport outcome for the town of Parkes.

Nevertheless, satisfactory arrangements have been negotiated with the NSW RTA for access to the FCL depot at the higher mass limits.

Invest in Access to Freight Hubs

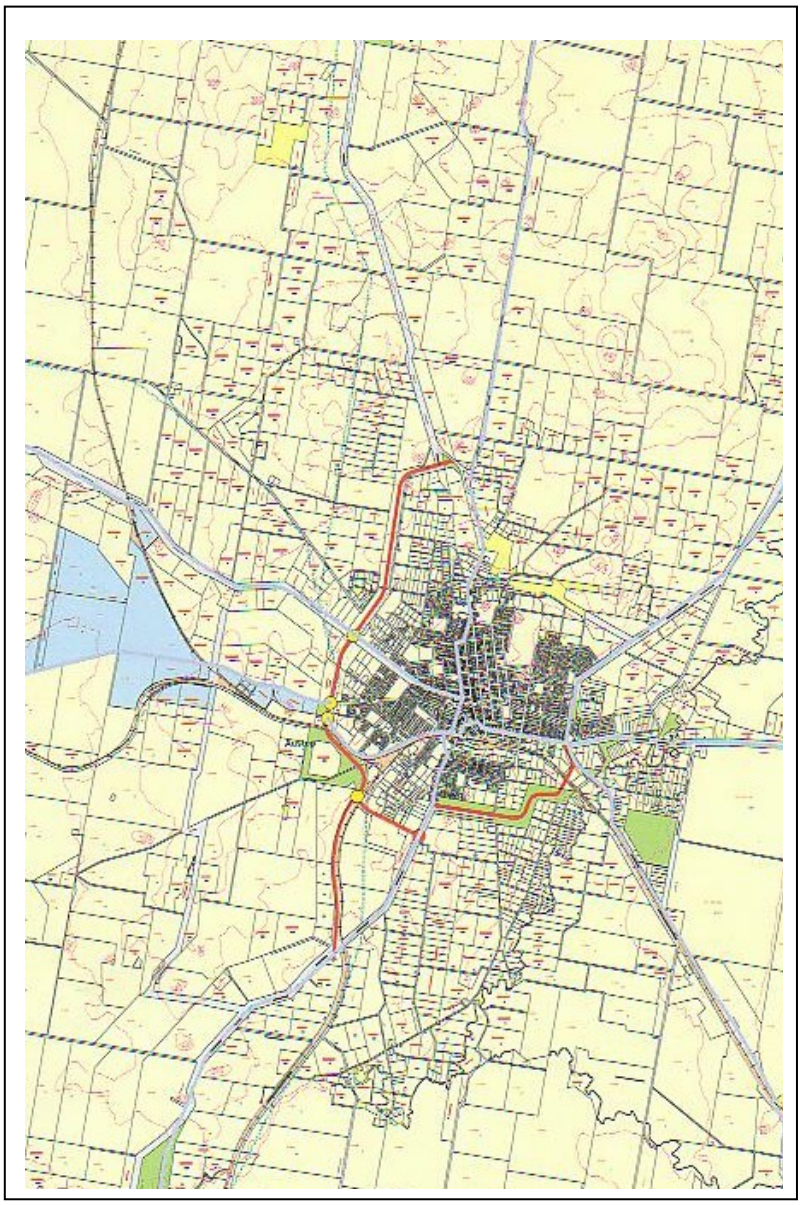
It is inevitable that a change in land-use such as the creation of a transport hub will generate a significant amount of heavy vehicle traffic and change existing traffic patterns. Consideration needs to be given to the planning of infrastructure to support the development.

The Parkes Transport Plan identified the need for both road and rail infrastructure to service the intermodal hub development located to the west of the town. They are detailed in the infrastructure component of the Parkes Transport Plan and included as Appendix A. The infrastructure essentially involves:

- An arterial ring road to the west and south of the town of Parkes, as shown in Figure 4.1, and
- Improvements to the rail connection between the western and northern lines at Goobang Junction.

[5] Environmental Audit Parkes Hub, Terra Consulting (NSW) Pty Ltd (March 2002)

Figure 4.1: Location of Heavy Vehicle Access Routes[6]



[6] Routes are shown in red on the western fringe of the Parkes township whilst the hub is shown in light blue to the left of the picture

5 THE ROLE OF THE THREE LEVELS OF GOVERNMENT AND THE PRIVATE SECTOR

The three levels of Government should work together in a number of key areas to maximise the effectiveness of investment of both governments and the private sector.

Encourage Regional Development

The three levels of government must work together to achieve regional development outcomes, particularly job opportunities. There needs to be recognition by governments that initiatives like the Transport Hub at Parkes will not only achieve transport efficiencies but will also opportunities for rural people. Whilst the private sector will focus primarily on the transport efficiency dimension, governments need to be active in support of regional development. However, this cannot be achieved by one level of government in isolation to the other two.

Undertake Regional Planning

A tangible and effective way for governments to work together is in the planning and co-ordination of infrastructure. Parkes Council has prepared a draft strategic transport plan that can be used as a basis for dialogue with the State and Commonwealth Governments to include their priorities and to ensure that their respective works programming commitments are co-ordinated.

An important part of the planning process is the community consultation. It is important that before Council submits its plans to the community that it has the support of the other two levels of government.

Negotiate Shared Funding Arrangements

The outcome of the planning process is not only the identification of needed infrastructure but also the financing arrangements. The Parkes transport plan also addresses this issue in the form of a financial plan. This plan is included as Appendix B.

The financial plan sets out the framework for discussion between the three levels of government and the national rail track manager (ARTC) to fund the infrastructure needed to support the transport hub.

ATTACHMENT A – THE INFRASTRUCTURE PLAN

The Plan developed by Parkes Council includes:

- The construction of three (3) heavy vehicle access roads to the Hub, including grade separated crossings of the rail and road network. These roads would be built to a single carriageway standard with a high level of access control. The capacity of these roads would exceed the forecast traffic volumes over the next 25 years.
- Upgrading of a number of regional roads servicing the Hub. These projects would be mainly rehabilitation projects bringing them to an appropriate standard for a high level Hub access.
- The upgrading of the existing northbound rail track through Goobang Junction.

Details of these projects are summarised below.

A.1 Road Projects

Details of the new heavy vehicle roads in the national network are summarised in the following table. A summary of the estimates of cost is outlined in Attachment A.

Table A.1: National Network Road Projects

Road Link	Length/Cost	Comments
National Network		
From the Newell Highway south of Parkes to Brolgan Road	Length – 3.3 km $3.6 million	Includes a grade separated crossing of the western railway line at Goobang
From the Newell Highway north of Parkes to Brolgan Road	Length – 4.6 km $4.5 million	Includes a grade separated intersection with MR 61 west of Parkes
Total	***Length – 7.9 km*** ***$8.1 million***	

In addition, a number of projects have identified for a new route providing a southern by-pass to Parkes and the upgrading of existing regional roads, as summarised in the following table.

Table A.2: Regional Network Road Projects

Road Link	Length/Cost	Comments
New Southern By-pass		
From the Orange Road east of Parkes to the Newell Highway	Length – 3.2 km $3.1 million	Includes a grade separated crossing of the eastern railway line
From the By-pass to the Newell Highway south of Parkes	Length – 1.0 km $1.5 million	Includes a grade separated crossing of the southern railway line
Upgrade Existing Regional Roads		
Brolgan Road from the heavy vehicle access roads west to Coopers Lane	Length – 3.0 km $0.6 million	
Condobolin Road (MR61) from the heavy vehicle access roads west to the rail level crossing	Length – 3.0 km $0.6 million	
Total	***Length – 10.2 km $5.8 million***	

A.2 Rail Projects

Some rail infrastructure improvements will also be required as the 400m radius link between the southern railway line and the northern / western is too sharp for heavy rail traffic.

Table A.3: National Network Rail Projects

Rail Link	Length/Cost	Comments
National Network		
Increase the radius of curvature of the link between southern railway line and the northern / western	Length – 1.0 km $1.5 million	Existing 400m radius is too sharp

ATTACHMENT B – THE FINANCIAL PLAN

Parkes Council has rezoned the area specifically for freight transport operations but the implementation of the program is heavily dependent on the rate of development of the Hub by the private sector. FCL Transport Services is well established but is still at a small scale. Terminals Australia has purchased a large area within the Hub for inter-modal terminal facilities and they will be raising capital later in 2004 to develop their site.

This development will provide the catalyst for increased activity at the Hub and begin to realise the opportunities provide by the site. The transport infrastructure needed to support the development should be provided in a timely way to provide as much incentive as possible to the transport sector.

All three levels of government together with the private sector should provide funding for the transport infrastructure in accordance with the principles outlined in AusLink. Working together in this way will ensure that a co-ordinated approach is taken to the development.

Funding sources for the Commonwealth Government include the National Network and the Strategic Regional Program in AusLink. The State funding sources are the Regional Road Program, whilst Council has access to rate revenue. The private sector will contribute to the funding through developer contributions.

The proposed funding arrangements are outlined in the following table.

Table B.1: Proposed Cost Sharing Arrangements

Projects	**Amount**	**Shared Between**
National Network – road	$8.1 million	Commonwealth (100%)
National Network – rail	$1.5 million	ARTC (100%)
Regional Road Network	$5.8 million	Private sector (10%) State (50%) Council (15%) Commonwealth (25%)
Total	**$15.4 million**	