

The Secretary
House of Representatives Standing Committee on
Transport and Regional Services
Parliament House
Canberra ACT 2600

Dear Sir or Madam:

Re: Inquiry into Integration of Regional Road and Rail Networks and their Connectivity to Ports

The Glen Innes Section 355 Transport Committee advises the Glen Innes Severn Shire Council on strategic transport issues. Its membership comprises local business leaders, elected councillors and Shire staff. Glen Innes is situated at the junction of the Gwydir and New England Highways approximately 365 kilometres south of Brisbane and 650 kilometres north of Sydney. Our Committee has strong support within the local and regional communities of the New England.

We wish to thank you for the opportunity to make a submission to the Inquiry into Integration of Regional Road and Rail Networks and their Connectivity to Ports House of currently being undertaken by the Representatives Standing Committee on Transport and Regional Service.

The Federal Government has already committed \$57 million to the Cootamundra - Werris Creek link. A commitment to fast track this link north to Brisbane via the New England region utilising the existing Great Northern Railway infrastructure is sought.

This submission focuses on how linking the already announced Melbourne / Binnaway / Werris Creek link to the Port of Brisbane by utilising the existing Werris Creek to Wallangarra corridor and upgrading the corridor from Wallangarra to Brisbane would be of significant local, regional State and National benefit.

We have attached to our submission supporting letters from the New England Local Government Group and Glen Innes Severn Shire Council further expanding the community support for the utilisation of the existing rail corridor through the New England. We look forward to a positive response.

Our Committee recognises that our submission has only briefly covered the Terms of Reference for the Inquiry and as such we offer a warm invitation to the Standing Committee on Transport and Regional Services to come to the New England and meet with us so that we can expand on our submission.

Yours truly,

Richard Rowe
Chair Glen Innes Section 355 Transport Committee

Response to the Terms of Reference

The role of Australia's regional road and rail network in the national freight transport task

We live in a vast country which relies on land based transport for the majority of our goods and services. Indeed Glen Innes is solely reliant upon the New England Highway and the Gwydir Highway for all its transport needs. The increasing usage of these highways, particularly by heavy transport vehicles and the ever increasing costs of repairs and maintenance are taking a toll. We believe that a solution to this is the revitalisation, upgrading and diversification of the rail network is essential to the nation's future prosperity. The Glen Innes Section 355 Transport Committee fully appreciates the need for maintaining and upgrading Australia's regional road and rail networks.

The diversification of the rail network is essential. Diversification in terms of carriers and diversification in terms of options for destination ports and routes to port. Looking at each of these individually. Diversification of carriers means that the rail network should be opened up to more carriers who will provide better options to the nations exporters. Currently many of the smaller exporters who only deal in small, but regular container numbers are not encouraged to use the rail network even if it goes past their factory door. The reason for this is that for too long rail carriers have concentrated on the use of "block trains" as their preferred source of income.

The current rail network locks export producers into a very narrow choice of export port if they want to use the rail network to transport their goods. We believe that diversification of destination ports can only be bought about by increasing the number of rail options available to the exporter. As an example currently if an exporter wants to ship a container load of goods from Armidale to an export port they can only go via the Port of Newcastle if they are choosing rail. If the Werris Creek to Wallangarra rail corridor was reopened then that exporter in Armidale could also transport via rail to the Port of Brisbane as well as the Port of Newcastle and when the Melbourne / Binnaway / Werris Creek line they then have the choice of the Port of Melbourne or the Port of Adelaide. The choice becomes the exporter aided by the government's infrastructure instead of the choice being made by the government because of lack of infrastructure.

Maximum utilization of mode is the recognition of the advantages and disadvantages of a particular mode of transport. The modes not only encompass road and rail but must also take into account pipelines, sea and air transport. When addressing rail, this mode has the characteristics of being able to move large volumes at a relatively high speed over long distances. It does however lack flexibility in that specialised terminals and access to consignees generally do not exist and this limitation necessitates transshipment. However it is capable of achieving economies by virtue of productivity per person, it is also capable of twenty-four operations in varying weather conditions and provides a specialised corridor not subjected to other constraints as is evidenced on roads.

Flexibility of rail is restricted to operational rail lines and this is the major principle that establishing a second standard gauge line into Brisbane addresses. The existing East coast line restricts any flexibility as all rail freight entering or leaving Brisbane from the South must use the East coast line. This corridor has critical areas which restrict any major increases in rail freight and passenger operations. Limitations exist on bridges to the South of Sydney, through the busy greater metropolitan area of Sydney and heavy coal traffic in the Newcastle/ Singleton corridor. The line from Maitland to Brisbane is single line with passing loops. The line is approaching or has reached saturation and without duplication and additional passing loops cannot support the increases forecast for rail in a number of studies. In the event of the line being closed for any reason, either short or medium term there is no rail alternative and all freight would have to be rerouted to either road or sea.

In view of the costs of duplicating the East Coast line, which still would provide one transport corridor consideration should be given to establishing another route which allows the bypassing of the earlier mentioned critical areas. Establishing such a rail corridor would allow through freight to bypass

the Sydney/Newcastle congestion zone while providing a line that allowed access to the South and West. The addition of a new line enhances the transport infrastructure of Southern Queensland and New South Wales and allows an increase in the use of rail and associated inter-modal operations.

We firmly believe that rail transport is the best way to ship large volumes of export goods from regional Australia to the world. Indeed *"The Infrastructure Action Plan"* published by the Business Council of Australia clearly states that "efficient rail is the lowest cost mode of transport on all inter-capital corridors". This is backed up by benefit cost analysis of current inter capital freight routes outlined in the publication *"Reforming and Restoring Australia's Infrastructure"* published by the Business Council of Australia. The cost benefit efficiency of road freight was compared against that of rail freight. In all routes rail was by far the most cost efficient method to transport freight. An average cost benefit ratio of 25.6 (\$ per '000 net tonne kilometres) was recorded.

Further expanding on this notion. Utilising rail to move export freight makes sound economic sense. The document *"The Future of Freight 2005"* published by the Australasian Railway Association states:

"When rail's cost advantage over road is multiplied by the significant achievable volume gains, there should be annual direct cost savings to the Australian economy in the order of \$370m. The analysis shows that, on average across all corridors, inter-capital 'efficient rail' freight costs are \$26 per thousand net tonne kilometres (ntk), or 2.6c/ntk, below that of road. This difference is significant (over forty percent below average road costs across all corridors) and, when applied to the estimated 14 billion ntk of additional freight that can be carried by rail in ten years time, will lead to annual savings that will steadily grow to \$370m per annum, with an overall net present value of \$5.2billion.

Additionally, the cost reductions and productivity improvements possible will reduce the cost of the existing rail task by around \$8/'000 ntk on average, yielding benefits to the economy of a further \$130m per year, with a net present value of \$1.8 billion."

The relationship and co-ordination between Australia's road and rail networks and their connectivity to ports

The Glen Innes Section 355 Transport Committee recognises the need to seamlessly integrate road and rail networks to effectively utilise our port infrastructure. We believe that the current reliance on the Port of Newcastle for all export goods transported from northern NSW by rail is both inhibiting our nation's export profitability and reducing opportunities for rural and regional growth. The Federal Government has already committed \$57 million to the Cootamundra / Werris Creek link. This commitment must extend to fast track this link north to Brisbane via the New England region utilising the existing Great Northern Railway infrastructure.

Of great concern to us is the parochial approach which has dominated the transport debate since the time of the first railway in Sydney. We live close to the Queensland Border and have seen the damage that a break of gauge has on the simple act of transporting goods via rail. We acknowledge that this parochial approach to the management of important infrastructure of national significance has led to poor management decisions being made, export opportunities being lost and infrastructure being allowed to decay. We urge that all levels of government that is local, state and federal take a united approach to solving the Australia's regional transport problems.

While road transport offers door to door and flexibility through the existing road net-work it has restrictions. Axle loadings restrict large units to prescribed highways, schedules are interrupted by accidents, weather and increase in other road traffic such as holidays. To maintain the impetus and ability to meet rail transit times and economies road transport operators are faced with the introduction of additional drivers and the continuous demand for regulatory and construction authorities to allow higher axle loadings and larger units. Road transport is not cost effective when compared to rail in regard to tonne/kilometre/litre ratio and with the forecast increase in the cost and availability of fossil fuels having access to other more economical modes of transport will by necessity force many road operators to examine their interoperability and the introduction of rail into their inter-modal operations, especially for the line haul segment of freight movement.

Examining the two proposed options of either a Western or GNR line the question of time to establish such a corridor must be examined. Irrespective of the route both lines would by necessity pass through Toowoomba and then to Brisbane. The question should therefore be. "When do we need the line to be operational". If the answer is within two years then the GNR line with its existing limitations appears to be the solution. While ruling gradients will slow traffic and restrict gross train size, technology will allow the fairly rapid opening of the line. The corridor exists and improvements or replacement of structures using new techniques for culverts, drainage, alignment and the like does not appear to offer any insurmountable engineering problems.

Policies and measures required to assist in achieving greater efficiency in the Australian transport network, with particular reference to:

- **Land transport access to ports**

Of critical concern to our Group is the integration of road and rail transport in the New England Region to efficiently gain access to the ports of Brisbane and Newcastle. Currently all the products exported from the Region via the rail network are shipped through the Port of Newcastle. Access for goods to the Port of Brisbane is currently by the road network, either via the New England Highway or the Newell Highway.

We believe that the current road network within the New England is already over its design capacity and that as export growth continues within our region our road infrastructure will continue to fail. An upgrading of rail access to ports will free up capital to upgrade road access around our export ports.

The "*Infrastructure Action Plan*" published by the Business Council of Australia clearly identifies that our existing road network will suffer significant damage from the predicted increase in freight growth. The Business Council predict a 90% increase in articulated truck travel in metropolitan areas by the year 2020. This is coupled with an increase in the number of trucks on inter capital roads by 65% by 2020.

This projected increase in traffic, both inter and intra urban will have an enormous detrimental effect the existing road network, the economy as more capital is required to maintain these roads and the communities which will see trucks outnumber cars rapidly.

The current capacity of rail infrastructure and the choice of export port destination within the New England and North West are unsympathetic to proposed new coal mining ventures within this area. Exploration is currently under way to prove existing coal reserves around Inverell and Ashford. If approved now these new ventures would have to rely solely on road transport to transport their coal to an export port.

- **Capacity and operation of ports**

The Glen Innes Section 355 Transport Committee identifies that the current Port of Newcastle is rapidly reaching its inherent capacity. This is partially due to the fact that the Port of Newcastle is the only port option available to exporters in northern New South Wales.

- **Movement of bulk export commodities, such as grain and coal**

The Glen Innes Section 355 Transport Committee recognises that the trade in bulk export commodities through with containers or unit trains is by far the most efficient means of transporting goods from rural and remote Australia. It also recognises that currently grains and coal are the primary goods shipped this way, but other industries utilise this form of transport and do not use the rail system instead relying upon low volume haul via semi trailers. The Glen Innes Section 355 Transport

Committee believes that through a revitalised network of road and rail transport corridors then more export opportunities could be enhanced through innovative carriage of bulk goods.

A feasibility study commissioned in 2004 by Armidale Dumaresq Council, Walcha Council and the New England North West Regional Development Board titled “*Rail freight preliminary feasibility study*” identified several export streams of non traditional bulky goods. By non traditional it is meant that these are goods which are transported via container, but not necessarily as a Unit or block train. The report conservatively identified 100,000 to 150,000 tonnes annually which is currently being transported by road and could easily be transported by rail. A figure of 100,000 tonnes equates to three trains of 35 wagons.

We assert that by allowing new players who specialise in smaller quantities of bulk goods into the rail carrier market then there will be a net benefit to local, regional, state and the national economies. Currently the focus on “block trains” has forced many smaller export businesses into being reliant on road transport for all their export needs when in fact they should have the same access to carriers as large single commodity exporters.

The view that rail freight can also compete in the non bulk export market is reinforced in the Green Paper “*AusLink: Towards the National Land Transport Plan*” 2002. This document states

“Rail is also well placed to compete in the long distance non-bulk freight market”.

- **The role of intermodal freight hubs in regional areas**

The Glen Innes Section 355 Transport Committee is committed to the development of an intermodal freight hub in Glen Innes. Glen Innes is at the junction of the Gwydir and New England Highways. Extensive container based export traffic currently travels through Glen Innes from Inverell and Moree in the west and from Armidale and Tamworth to the south. This traffic is currently all road based and is either shipped directly to the ports of Brisbane and Newcastle or trans-shipped at small intermodal terminals in Warwick, Tamworth or Moree.

The Glen Innes Section 355 Transport Committee views the creation of intermodal freight hubs in regional Australia as an essential step to strengthening regional and rural economic development. Such hubs as we are proposing for Glen Innes would revitalise our community and the surrounding region. By creating jobs direct, indirect and downstream would stem the population flow from Regional Australia to our already overcrowded capital cities.

Regional Intermodal freight hubs would also have significant environmental and safety benefits. An easily quantifiable environmental benefit would be through reduction of greenhouse emissions bought about by decreasing the number of kilometres travelled by semi trailers in carting single containers from regional centres to final destination ports. Instead carting those short haul to a regional intermodal freight hub. For example an abattoir in Inverell carts single containers of beef for export to the Port of Brisbane a round trip of approximately 1300 Kilometres. This could be reduced to a 150 kilometres round trip if an intermodal freight hub facility was constructed in Glen Innes.

Currently export operations within the New England are significantly constrained in their ability to export goods to port through their inability to use best practices in freight movement. That is they are locked into using 20 foot containers on the road network, rather than using 41 foot containers on the rail network. This results in decreased efficiency and increase costs as they are forced to use twice the number of trucks to transport the same amount of goods that their competitors transport in a single load via the rail network.

The inherent safety benefit of less long haul road traffic is self evident and needs little explanation. The construction of intermodal freight hubs would dramatically reduce the number of long haul trucks using the nation’s highways.

Many truck operators are faced with the problem of back-loading and this is particularly true for operators in the New England area with the major problem being able to source a load from their final forward destination. It is these operators that will benefit from becoming intermodal. The establishment of regional freight centres will place the operators at the forefront as deliveries need to be made both to and from the terminals. Drawing from experience gained in New Zealand the most profitable routes are to and from terminals when a truck and driver able to complete either one or two tasks per day and still be able to return to the home base at night. This clearly is not the case in the New England currently. This saves the operator on accommodation costs and leads to a more stable workforce.

Another benefit of intermodal freight hubs in regional centres such as Glen Innes is the multiplier effects such hubs have within the local community and the spin off industries which they create. An Intermodal freight hub would result in jobs being created within the construction, housing, commercial and retail sectors. These jobs would be sustaining regional growth and reversing population drift.

- **Opportunities to achieve greater efficiency in the use of existing infrastructure –**

The Glen Innes Section 355 Transport Committee has widely canvassed the proposal that the Melbourne to Brisbane rail link's route encompass the New England Region. The route should come from Melbourne via Parkes through Binnaway to Werris Creek and then through the New England to Wallangarra and then onto the Southern Downs. This route is shorter, more direct, encompasses more opportunities for export and reduces road traffic on the New England and Gwydir Highways. The major benefit of this route is that utilises existing rail infrastructure from Werris Creek to Wallangarra.

The proposal to build a more direct railway line between Melbourne and Brisbane that bypasses Sydney would, as a result, be better suited to the more eastern corridor through the New England and Southern Downs as it is substantially shorter in length. This route would avoid the floodplains of North West NSW and Southern QLD thereby ensuring that goods and services flowed continuously, smoothly and uninterrupted.

Whilst the inquiry is focused on freight transport it is important to note the contribution that tourism has to the local, regional and national economies. Upgrading the existing New England rail corridor would have unexpected tourism benefits for the entire town along the line if special purpose tourist trains such as the Great Southern Railway operated.

The proposal to upgrade the existing corridor through the New England would not result in the further sterilisation of prime agricultural land which would occur with the construction of new lines through the Southern Downs.

- **Possible advantages from the use of intelligent tracking technology**

The use of intelligent tracking technology would also have benefits to regional development through the creation of specialised centres to monitor and track freight movement. With the ever increasing developments in the field of telecommunications and information technology such centres need not be located in capital cities.

An advantage of intelligent tracking technology is their ability to be located anywhere. Intelligent tracking technology centres could be located in regional Australia thereby stimulating economic growth and development. When coupled with other transport initiatives such as intermodal freight hubs the benefits to regional centres are enormous.

References

“AusLink: Towards the National Land Transport Plan” 2002 Australian Department of Transport and Regional Services

“Rail freight preliminary feasibility study 2004 A report for Armidale Dumaresq Council, Walcha Council and the New England North West Regional Development Board

“The Future of Freight 2005” published by the Australasian Railway Association

“The Infrastructure Action Plan” 2005 published by the Business Council of Australia

“Reforming and Restoring Australia’s Infrastructure” 2005 published by the Business Council of Australia