

SUBMISSION TO THE HOUSE OF REPRESENTATIVES STANDING COMMITTEE ON TRANSPORT AND REGIONAL SERVICES

“INTEGRATION OF REGIONAL ROAD AND RAIL NETWORKS AND THEIR CONNECTIVITY TO PORTS”

BY WODONGA CITY COUNCIL (MAY 2005)

INTRODUCTION

Wodonga's key location on the Hume corridor is arguably one of the most strategic and important in Australia in terms of freight and distribution movement for the Eastern seaboard. Seventy or more per cent of Australia's population located within the triangle formed by Sydney, Melbourne and Adelaide can be reached by overnight transport shift.

The City of Wodonga has a vital interest in Regional Road and Rail Networks and their connectivity to Ports.

Wodonga is a prime example of the importance of regional viability and population settlement servicing a region in excess of 160,000. Many large companies including Masterfoods, Visy, National Foods, Woolworths (Distribution), and Parker Hannifin have a strong presence in Wodonga.

Council has recognized the import of Wodonga's location by establishing a major National Distribution Centre known as Logic Wodonga on 440 hectares of prime industrial zoned land 14 kilometres West of Wodonga.

The establishment of Logic is the main thrust of this submission.

THE ROLE OF INTERMODAL FREIGHT HUBS IN REGIONAL AREAS

Influencing Factors

Regional Inter-modals are expected to play an ever increasing part in the supply chain as ports and Capital City entry points and manufacturing bases become more and more congested.

Road freight demands will increase, placing more pressure on the transport system and consequential outcomes such as higher road maintenance costs, increased incidence of accidents and pollution. This will be exacerbated by rising fuel prices

The Hume / Goulburn corridor comprises the Hume Freeway and standard gauge Melbourne to Wodonga/Albury line which is part of the National Gauge Rail system.

Inter-capital freight between Melbourne and Sydney, Melbourne to Brisbane and inter state freight to NSW, ACT and Queensland as well as intra-state freight use this corridor.

This corridor by virtue of its location linking the strategic capitals and ports carries the most freight by weight. Both intra and inter state freight is expected to increase by 40% by 2010. **(The Freight Task in Victoria 2002).**

There are trends world wide and in Australia to greater use of rail for longer haul freight helping to reduce highway congestion and providing economies of scale.

Rail freight in Australia traveled 164.4 billion tonne-kilometres in the 12 months ended 30th June, 2003 an increase of 7.4% on 2002 and for the same period 598.6 million tones of freight were carried by rail an increase of 5.7%. **(ABS)**

As an example of the potential of future rail Investment the Melbourne-Sydney-Brisbane rail corridor is estimated to have the potential to remove 111,000 long distance truck movements per year from the Hume, Pacific and Newell Highways. **(Booz Allen and Hamilton).**

LOGIC WODONGA INTER-MODAL

Logic Wodonga is a Wodonga City Council initiative aimed at developing an inland inter-modal National distribution hub for south eastern Australia. Logic represents an industrial park that is over 440 hectares in size. The land is zoned Industrial 1 and is purpose designed and built to attract major businesses involved in distribution, warehousing, transport and logistics and manufacturing. All land is owned by Council except that land already sold to tenants at Logic.

Logic is located in what is arguably the most strategic inland location on the eastern board of Australia and leverages off some critical supporting infrastructure. This infrastructure includes the:

- Hume Freeway between Melbourne and Sydney
- Murray Valley Highway leading to Adelaide
- A full interchange capable of dealing with B doubles.
- North South railway line between Melbourne and Sydney. This railway line runs directly adjacent to the southern boundary of Logic and provides direct links to the Port of Melbourne and Botany Bay Port in Sydney.

The immediate proximity of Logic to this infrastructure combined with the fact that Wodonga is centrally located between Sydney, Melbourne and Adelaide provides a compelling business case for companies that are distributing goods regionally or nationally, to locate at Logic.

The facility is also well placed to take advantage of the proposed future Melbourne to Brisbane rail route.

The site has been purchased, is zoned, has utility services, existing significant road and rail infrastructure and importantly, has private investment and anchor tenants.

In addition Logic has the support of the Victorian State Government in the form of funding for the proposed rail terminal to the amount of \$4M, and financial

contributions towards services of \$2M. The Logic project has been granted State significance status.

Wodonga Council has invested in excess of \$20M for Stage 1 of Logic. Stage 1 involved purchasing the land, bringing utility services from Wodonga to Logic and putting in services and roads into the Logic site.

The Council has already secured a national anchor tenant in the form of Woolworths. Woolworths are establishing a Regional Distribution Centre (RDC) that will service approximately 70 stores as north as Goulburn, as south as North Melbourne and as west as Mildura. The distribution centre will be 58,000m² in size or just under six hectares. The RDC will hold approximately 5% of Australia's retail food and be serviced by about 3500 suppliers of Woolworths. Woolworths' distribution centre will employ up to 600 people. Woolworths RDC will be fully commissioned by October 2005.

In addition to Woolworths, in February 2005 Council sold 4 hectares of land to National Transport Company Border Express. The company is planning to build a third party warehouse and cross docking facility up to 20,000m².

Having completed Stage 1 of Logic, Wodonga Council is currently embarking on Stage 2 involving further expenditure of \$20M which includes the role out of a Rail Terminal. The rail terminal is expected to be capable of dealing with up to 100,000 twenty foot containers (TEU) per year. The rail terminal is also planned to include a container park and an intra estate transport vehicle operation that would be able to deal with moving containers throughout Logic from warehouse to train and back.

Benefits of Logic

The development of a rail terminal at Logic will provide significant economic, social and environmental benefits.

Economic Benefits

- Provide direct links into the Port of Melbourne and Sydney's Botany Bay and hence attract importers and exporters to Logic. Logic would be an inland port.
- Reduce bottlenecks at the major ports and hence create greater import and export efficiencies.
- Provide modal competition to road transport and hence encourage more freight on rail from road.
- Allow for inland bonding activities so as to reduce bottlenecks at the respective ports.

- Allow for the economic transport of goods long distance and hence provide a case for Logic to be not just a regional distribution hub but a national distribution hub as well.
- Importantly, Council is in negotiations with numerous companies of significant size that are investigating coming to Logic. These companies are determining that a rail terminal that can deal with up to 100 000 TEU movements per annum is a prerequisite for them locating their distribution or processing facilities at Logic Wodonga.
- More efficient linking of road, rail and ports which leads to more efficient transport and logistics which can assist in encouraging export
- Local employment
- Industry diversity
- Lower capital and operating costs to encourage manufacturing
- Provision for containers and a container park that will create substantial efficiencies for local exporters that require these containers. This could be achieved more cost effectively with a rail terminal and container park operator at Logic.
- Boost to economic growth and investment in the region
- Potential for the establishment of driver education and skills development facilities
- Allow for the transport of heavy freight to the Logic distribution hub
- Reduced Infrastructure maintenance

Social Benefits

- Regional Job creation
- Decentralisation, as the Councils marketing is based on the business case for relocation of distribution and manufacturing facilities from the capital cities to a purpose built logistics hub that leverages off strategic location, excellent infrastructure, labour markets of critical size and cheaper property costs.
- Encouragement of freight movements outside of Wodonga's urban areas
- Reduced truck movements and truck accidents
- Reduced traffic noise

Environmental Benefits

- Less air and noise pollution
- More attractive town centre for Wodonga as Logic provides an alternative freight centre to the existing one in the centre of town

CONCLUSIONS

The establishment of Logic Wodonga presents an ideal case study for the Standing Committee to realise the importance and potential benefits of Regional Inter-modals.

Projects of this nature are :

- Critical to the future of transport and logistics in Australia
- Vital to the economic future of regional centres
- Critical to the future of Australia's import/export regime
- Forerunners of savings in transport costs, costs associated with accidents and the precursor of global competitiveness
- An outstanding example of Public/Private partnership contributing to the future of Australia

To enable Logic Wodonga and other like regional initiatives the partnership of Commonwealth and State Governments is essential in providing establishment funding.

In this respect the Council of the City of Wodonga has made representations for AusLink funding towards the establishment of the Rail Terminal and would appreciate any support that may be given in this regard.

The Council commends this submission to the Standing Committee on Transport and Regional services.

Further Information on Logic can be viewed on the web site www.Logicwodonga.com.au

**Enquiries : Dennis Beeley
Manager Investment Attraction 0260229308**

