

RIVERINA EASTERN REGIONAL ORGANISATION OF COUNCILS

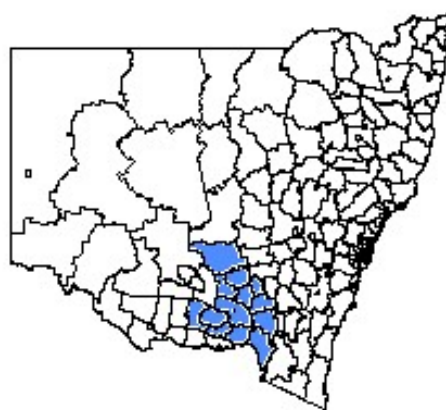
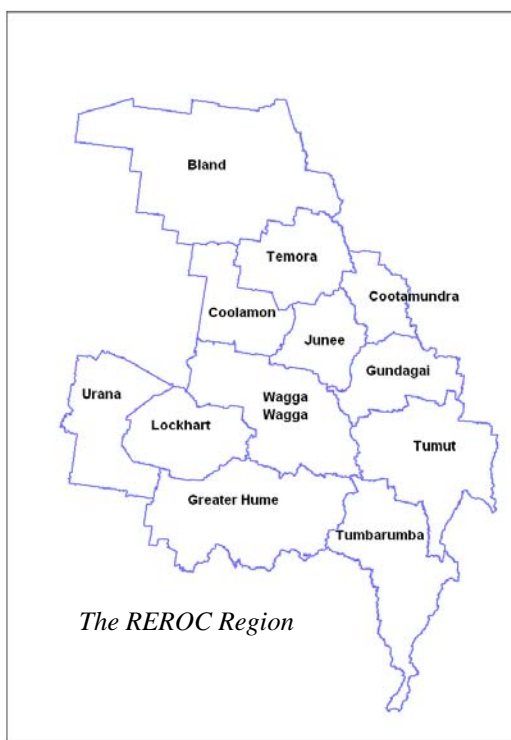
RESPONSE TO THE INQUIRY INTO THE INTEGRATION OF REGIONAL RAIL AND ROAD FREIGHT TRANSPORT AND THEIR INTERFACE WITH PORTS

*Prepared by: Riverina Eastern Regional Organisation of Councils
P.O. Box 646
Wagga Wagga NSW 2650
Ph: (02) 69 319050 Fax: (02) 69 319040
email: jbriggs@wagga.net.au www.reroc.com.au*

**SUBMISSION BY
RIVERINA EASTERN REGIONAL ORGANISATION OF COUNCILS**

**INQUIRY INTO THE INTEGRATION OF REGIONAL RAIL AND ROAD
FREIGHT TRANSPORT AND THEIR INTERFACE WITH PORTS**

The Riverina Eastern Regional Organisation of Councils (REROC) is a voluntary association of 12 local governments located in the eastern Riverina region of NSW. The members of REROC are the councils of Bland, Coolamon, Cootamundra, Greater Hume, Gundagai, Junee, Lockhart, Temora, Tumbarumba, Tumut, Urana and Wagga Wagga.



In preparing this submission the members of the Organisation have been consulted and their views are reflected in the comments made below. Local governments operating in rural and regional areas, as REROC members do, play an influential role in driving local economic development. Our members, therefore, are very aware of the important role that regional arterial roads and the rail network have in assisting to deliver positive economic outcomes.

The Riverina region is one of Australia's great foodbowls and as such is a significant exporter of fresh and processed food products. Forestry industries operating in the east of our region are manufacturing paper and timber products, which are also destined for overseas markets. All of these manufacturing and processing enterprises are using regional roads and rail networks to transport their products to ports and the effectiveness of the network impacts on their economic viability and their long-term sustainability.

In the light of the above, REROC makes the following comments in relation to the Terms of Reference for the Inquiry.

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

Australia's regional arterial road and rail network is an important part of the national freight transport task. Substantial numbers of businesses that are exporting products are located in rural and regional Australia; these businesses are using the network to transport their products to seaports for export.

Over the last ten years our members believe that the quality of the regional arterial road network has been allowed to decline significantly because State Government funding has failed to keep up with the increasing demands on the network. Funding for maintenance and upgrades such as road widening have not been sufficient and many councils have been forced to utilise Roads to Recovery funding which was earmarked for local road improvements in order to make much needed repairs on regional roads. They have done so because they recognise the importance of the roads in delivering economic outcomes for their communities.

In addition the gradual decline of the branch line rail network has increased the number of grain trucks using regional roads, which has further added to the deterioration of the road network.

The growing use of B-doubles has increased the need for road upgrades, particularly the need to widen roads to better accommodate the interface between B-doubles and other road users. While local government understands the need for B-doubles and recognises the efficiencies that they provide to the transport industry, it is local communities that are paying the price, as councils defer local road work in order to undertake regional road maintenance.

The rail network has the capacity to take on a much greater role within the national freight transport task. However, the operation of the network in a regional and rural context often cannot meet the needs of local business and industry.

The network, as it currently operates, generally fails to provide users with the flexibility they need to meet market demands. In addition, most businesses must use road transport to reach a rail portal, once freight is on one form of transport, businesses then question the need to transfer it to another form of transport because of the cost increases usually involved.

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

The members of REROC believe that the development of an integrated transport network across road, rail and sea is imperative to supporting the growth of business and industry in rural and regional Australia.

This integration must be supported by infrastructure that is capable of meeting the growing needs of the transport sector. At present we find ourselves with yesterday's

infrastructure attempting to support tomorrow's technology and the blatant mismatch is costing both industry and the community.

□ ***Policies and measures required to assist in achieving greater efficiency in the Australia transport network***

Our members are extremely concerned that rail is being removed from the transport solution for grain. Recent policies implemented by the State Government have resulted in a series of recommendations to close branch lines in rural areas. The primary purpose of these lines is to transport grain from local facilities to regional hubs.

The closure of the branch lines has increased the number and frequency of truck movements on regional roads as this is now the only way in which farmers are able to deliver their grain to the regional receival points. Not only has this increased the cost of production for farmers it has also negatively impacted on local councils who are now faced with repairing the damage that will result from the increased usage of regional roads by heavily laden grain trucks.

It is important that the development of a national freight transport network recognise the value that services such as branch lines provide in achieving sustainable economic outcomes for agricultural producers.

Indeed if branch line networks were sufficiently upgraded non-farming businesses might also be able to choose to move their products by rail. If a product commences its journey to port on rail then it is highly likely that it will stay on rail for the entire journey. An effective network of branch lines that includes loading spurs for industry would encourage significantly more use of the rail network than currently occurs.

Our members believe that it will be difficult to gain greater efficiencies in the use of existing infrastructure without substantial upgrades occurring. It doesn't matter how fast a train can travel if the track is unable to support the speed and similarly it doesn't matter how much product a B-double can haul if the infrastructure is unable to support the load.

Our members strongly recommend that a national audit of regional transport networks be undertaken, particularly for established regional transport corridors, in order to determine the need and degree of infrastructure upgrade required to support truly efficient transport outcomes.

Policies need to ensure that neither road nor rail should have a competitive advantage over the other simply because of the investments that governments are prepared to make. The costs of running rail are easier to identify, road currently has an unfair burden of freight because costs are cross-subsidised by non-freight users.

We also support the need to further explore the feasibility of developing intermodal freight hubs in regional areas. These hubs provide regional businesses with the opportunity to take advantage of the economies of scale that are created when large volumes of freight are handled in an integrated fashion. Freight hubs also act as a

catalyst for business growth because they provide one-stop solutions for export-ready enterprises.

However, our members stress the need for the hubs to be “open access” to enable all freight operators to use the facilities. Open access could be achieved through public ownership of the facilities or through appropriate regulation of privately owned facilities.

We would encourage the government to look at hubs as part of the overall transport network solution and request consideration for the provision of financial assistance for their establishment and early operations.

□ ***The role of the three levels of Government and the private sector in providing and maintaining the regional transport network***

Our members strongly support the involvement of all three levels of government and the private sector in the development and maintenance of a regional transport network.

Local government, at least in NSW, is unlikely to be in a position to play a role that entails a financial contribution to the network. The NSW Government continues to maintain a policy of ratepegging and this together with an avalanche of cost shifting in recent years is continually undermining local government’s ability to meet the demands of its ratepayers.

Local government however, has the expertise, capability and willingness to form productive partnerships with the other tiers of government and the private sector to build and enhance transport infrastructure.

Our members also see opportunities to create public-private partnerships through projects such as regional intermodal hubs and the provision of rail services. However it is likely that such partnerships will only develop where governments recognise that returns on investment in transport infrastructure only occur over long periods of time, government funding support needs to reflect this reality.

Currently, investment by the private sector in regional infrastructure is minimal, changes to this investment culture will be slow and can only occur with encouragement from all three tiers of government. Business can rightly question why they should invest in regional infrastructure when the government isn’t prepared to do the same.

An integrated regional transport network that encompasses investment from governments and private enterprise will best support the national transport task.

Conclusion

Our members strongly support the development of an integrated regional transport network and encourage the Government in its endeavours to achieve this. However we maintain that while the underlying infrastructure that is needed to support the

network is slowly but surely decaying the goal that the Government is attempting to achieve could prove to be unattainable.

Australia's export wealth is the product of regional enterprises that grow, process, manufacture and mine. It is without question that these enterprises would benefit from an efficient regional transport network and that such efficiency gains would translate into stronger and more vibrant regional communities.

Our members would welcome the opportunity to address the Standing Committee on the issues we have raised in our submission and we look forward to positive outcomes from this Inquiry.