

# **SUBMISSION TO THE AUSTRALIAN RAIL TRACK CORPORATION RE: PROPOSED INLAND RAIL ROUTE - COONAMBLE**

February 28th 2017

## **EXECUTIVE SUMMARY:**

Coonamble Shire Council is seeking the Australian Rail Track Corporation's (ARTC) consideration in moving the Inland Rail corridor closer to Coonamble to make use of existing infrastructure, reduce transportation costs, increase export competitiveness and improve economic activity in the district. It is Coonamble Shire's belief that the ARTC needs to broaden route selection criteria to encompass the commercial and economic upside available to the project through harnessing regional export demand.

The 2010 Melbourne–Brisbane Inland Rail Alignment Study final report outlined several options for the route between Parkes and Moree one of them being route CC01 which passed close to Coonamble and onto Burren Junction (Table 2-3 Preferred options from the Parkes to Moree area).

Coonamble Shire Council believes this route should be implemented by the ARTC in its final assessment.

## **OVERVIEW:**

The towns of Coonamble, Gulargambone, Baradine, Lightning Ridge, Brewarrina and Pilliga constitute approximately 5.5 million acres of viable farmland.

This year grain receipts at Coonamble's two grain receival plants Grain Corp and Agrigrain reached an estimated 500,000 tonnes with a further 50,000 tonnes estimated to be stored on farm.

- Grain prices have returned to mid 1980 levels while input costs and the cost of transport has continued to rise. A hub at Coonamble would go a long way to ameliorating this cost.
- A rail freight corridor close to town has the potential to draw new business and improve economic sustainability, lessen the impact of drought and encourage growth.
- An Inland Rail freight line would create a level playing-field for producers and consumers alike and the benefits to this community would be immense.
- Opportunity for growth would increase the value of homes and growth in-turn stimulates the local economy.
- New businesses locate where there is a market for growth and by leaving Coonamble off the Inland Rail route reduces the capacity for the community to make any headway.

## **STRATEGIC BENEFITS:**

### **ECONOMIC EFFICIENCY IN GRAIN HANDLING -**

*The economic benefits of targeted government investment in rail far outweigh the costs and will stimulate regional economic growth through a more efficient use of resources and enhanced trade opportunities.*  
Graincorp's submission to the Agricultural Competitiveness Green Paper, December 2014.

Increasing the competitiveness of the agricultural sector and its value chains - the Inland Rail Proposal should consider the future implications of current capacity constraints.

Currently Coonamble Shire's agricultural sector is constrained by increasing input costs and diminishing output costs.

To remain competitive in the market, growers must look further afield to sell their grain.

Currently Coonamble is reliant on a Class 3 rail branch line to freight grain to either of NSW's two port grain terminals – Port Kembla or Newcastle.

The two terminals are owned and operated by GrainCorp and the reality is that the Newcastle and Port Kembla port terminals represent natural monopolies for most of the NSW grain export task.

With some in the agricultural industry exporting up to 80% of their production, local producers and processors rely on efficient transport options between farm, plant and port.

An inland rail hub closer to town could achieve these efficiencies.

Furthermore, access to inland rail and the port of Brisbane would provide growers in Coonamble Shire an alternative supply chain for their grain and enhance agriculture's contribution to the local community. The current axle limits on trains and wagons due to low rail line capacity creates inefficiencies most easily highlighted by grain wagons restricted to 80 per cent capacity on many existing branch lines to meet axle weight limits.

This results in added costs and lower returns to agribusiness companies and farmers.

## **ECONOMIC EFFICIENCY IN FEEDLOT AND BEEF EXPORT OPERATIONS -**

Coonamble Shire is home to one of the top 25 feedlots in NSW.

With a carrying capacity of 10,000 head the Coonamble Feedlot has made the most of an industry struggling with high input costs and declining output.

That the Coonamble Feedlot manages to operate successfully, and at a profit at all is miraculous considering its location on a branch line.

A long period of uncertainty surrounding the fate of the branch line network contributed to missed or delayed opportunities for related private investment and economic development in the Coonamble Shire.

The Australian Lot Feeders Association, for example, submitted In the Agricultural Competitiveness White Paper 2015 that: *“the poor quality of rail infrastructure is one of the major reasons why the beef feedlot industry (as the largest feed grain user in the state) has not located its feedlots on the restricted rail branch line network. The continued indefinite suspension of these lines and declining maintenance expenditure has provided no certainty to the feedlot industry to justify locating feedlots in their vicinity.”*

The Coonamble Feedlot is currently 100% reliant on road transport for feed in and cattle out.

The opportunity to load cattle and receive feed grain from the Inland Rail close to Coonamble would be an economic windfall for the business that has the capability to expand to 12,000 head should further efficiencies be realised.

It is particularly important for the livestock industry to readily move freight across and between port, rail and road networks and onwards to customers ensuring there is an unbroken cold chain.

Coonamble Shire also has a proposed abattoir that has been partially constructed and has been through the government approvals process. The opportunity to load slaughtered beef on inland rail for a short trip to Melbourne or Brisbane would also be an economic boon to the local industry.

## **INFRASTRUCTURE -**

The Community Strategic Plan for Coonamble Shire states - *Coonamble Shire must maintain and identify ways to improve infrastructure services and support Coonamble Shire's local environment. Infrastructure is the foundation of all of our activities and the maintenance and continuous improvement of infrastructure will help to support the daily lives of people in Coonamble Shire into the future.*

The largest infrastructure issue facing Coonamble Shire is that of roads.

Road transport currently plays a significant role in the grain freight task in Coonamble Shire - handling the vast majority of movements associated with the stockfeed market and all of the cattle market.

Removing grain and cattle freight from road back to rail will also reduce road maintenance costs for local and state governments, improve road safety, and contribute to the amenity for local communities through reduced heavy vehicle traffic, reduce congestion and noise levels.

Following 2016's record harvest Coonamble Shire Council has spent approximately \$450,000 on road repairs due to damage caused by heavy vehicles during the harvest period..

## **COMPETITIVENESS -**

The Inland Rail project has the potential to offer a significant contribution to regional economies but only if they have direct access.

- Direct access makes local producers globally competitive by reducing freight costs and creating more markets including the greater opportunity for competition between export gateways.
- The cost of production has marginalised the local agricultural industry with just about all direct costs of production increased including farm overheads.  
In particular costs associated with energy – fuel, electricity, fertiliser, freight, etc have all shown substantial nett increases.
- Cost of production increases have not been matched by improvements in the A\$ value of the commodities.
- Coonamble Shire produces high yield, high protein grain that is the equal of any grown in the state, evidenced by this year's record harvest.

However, the only means of finding a competitive edge, whether that is on a regional or international market lies outside the farm gate in the realm of freight and market competitiveness.

Both these improvements can be found in direct access to the Inland Rail project.

## **COMMUNITY SUSTAINABILITY -**

According to the Inland Rail project business case, an important aspect to assist governments in deciding whether or not to invest in such projects are the benefits to the community as a whole from the investment, and whether the nett benefits of the project over the life of the infrastructure are likely to exceed its nett cost.

**But how do you determine the cost to a community if it misses out on this once in a Lifetime infrastructure project?**

In the Australian Food and Grocery Council's submission to the ARTC on 10th February 2015 they raised the possibility of this district being unable to access the Inland Rail line.

*For example, the key grain growing region around Coonamble and Gilgandra may be cut off from the benefit of the investment if the existing infrastructure is unable to interact with the planned new section of track between Narramine and Narrabri.*

Alternatively, with no Inland Rail hub at Coonamble the potential exists for producers to bypass local depots and deposit grain directly to Narrabri and Narromine due to their freight advantage. This would be a very poor outcome for established grain handlers in the town.

Coonamble Shire needs to be able to compete globally on a level playing field with other rural communities.

Allowing the rail-line to bypass Coonamble is not only a lost opportunity for the rail line itself, but a crushing blow for the community that sees the inland rail as a means of future proofing the community.

## **NEW MARKETS & NEW BUSINESS -**

In an increasingly marginalised rural community the cost of everyday non-bulk household consumables such as groceries, fruit and vegetables rises consistently in-line with petrol prices, electricity increases and the seasons.

- The benefits to businesses would be enormous with access to affordable rail freight that was timely and fast.
- Parts ordered for the agricultural and automotive industry from Melbourne or Brisbane could be here the next day as could household furniture and appliances.
- If the Inland Rail were to come through Coonamble the opportunity exists for pipeline startup businesses to realise their plans, such as the Coonamble Abattoir.
- The local containerised grain handling plant AgriGrain could take advantage of cheaper freight costs and access to markets in both Melbourne and Brisbane as well as traditional markets.
- Increased economic activity in the community has a knock-on effect with raised community confidence, job opportunities and an influx of new residents.

The Deloitte research 'Positioning for Prosperity' identifies agricultural production as one of the 'fantastic' five growth engines for the Australian economy: an area where Australia's comparative advantage meets global opportunities. Food processing is identified as a 'slipstream' growth area, building on Australia's agricultural production. The future of Australia's agricultural production and food processing sectors are intertwined in realising the benefits of income growth and demand for high quality foods in Asia.

Coonamble Shire has strong ties with the Asian market being one of the leading chick pea growing regions in the country.

The opportunity to expand the position of Coonamble Shire's growers on the Asian market by direct access to the Inland Rail is vital to the sustainability of the industry.

## **TAKING A LONG TERM VIEW -**

The thought of passenger services on the Inland rail route is something all towns on the route have considered and must take advantage of.

Coonamble is ideally situated as a hub for many of the local tourist attractions in the area including the Warrumbungles and the Maquarie Marshes both within an hour's drive and Lightning Ridge to the north. Coonamble is also ideally situated as a gateway to the outback.

With Brisbane only a 10-11 hour journey away the tourist opportunities for the Shire would be substantial and would give a well needed boost to local motels and restaurants.

If the Inland Rail were to pass close to Coonamble the community would have the opportunity to value add on existing services.

- A meat packing plant for beef and sheep would be feasible and live cattle and sheep could be sent straight to port.
- There are many producers with saleable goods who do not have easy access to competitive freight rates which produces an uneven playing field.
- The opportunity to extend trade links and open new and untapped markets is too important to let slide.

The desire for an equal footing for local businesses is also key.

- New businesses require basic services such as plumbers, electricians, hardware and a ready supply chain.
- If these businesses had access to goods freighted at a fair and equitable price Coonamble could compete on an equal footing with other towns in the district making it more attractive for investment and growth.
- With local businesses able to access quality goods at competitive freight rates, leakage to major rural centres would also be vastly reduced.

Coonamble Shire needs only to grow a small amount to ensure future prosperity and drought proof the community.

Having the Inland Rail pass close to Coonamble is a means of insuring local businesses, local jobs and the livelihoods of future generations.

## **SUMMARY:**

The business case for Inland Rail is very compelling and indicates that it will generate significant economic activity locally, including jobs and an increase in Gross Domestic Product nationally.

The inland rail business case stated that the alignment would

1. Optimise the use of existing rail infrastructure.
2. Optimise connections with regional and local rail and road networks.

A route close to Coonamble and onward to Burren Junction would fulfill both these requirements, and is also the shortest route between Parkes and Moree.

The preferred route proposed by Coonamble Shire also passes through sparsely populated country on larger acreages making the task of property acquisition potentially less fraught.

## **COONAMBLE SHIRE -**

Coonamble Shire is a rural area located in the Orana Region of central northern New South Wales about 500-600km north-west of Sydney. Part of the Orana region the Shire comprises the towns of Coonamble and Gulargambone and the village of Quambone and the localities of Combara, Gilgooma and Wingadee.

It is the traditional home of the Gamilaroi and Weilwan Aboriginal communities.

Less than two hours drive by road from Dubbo and six hours from Sydney, it is bounded by Walgett Shire in the north, Narrabri Shire and Warrumbungle Shire in the east, Gilgandra Shire in the south and Warren Shire in the west.

Coonamble Shire has a population of 4,208 and the township of Coonamble is home to just under 3,000 people with small villages nearby at Gulargambone and Quambone. Residents of rural properties make up approximately one third of the district population.

The Shire encompasses a total land area of about 9,900 square kilometres. Rural land is used primarily for agriculture, particularly sheep and cattle grazing and wheat growing. Coonamble relies heavily on its agricultural income and rural industries.