

**Submission
No 3**

INLAND RAIL PROJECT AND REGIONAL NSW

Organisation: Coonamble Shire Council

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The Chair
Committee on Investment, Industry and Regional Development
Parliament House
Macquarie Street SYDNEY NSW 2000

Coonamble Shire Council submission to the Legislative Assembly Committee on Investment, Industry and Regional Development inquiry into the Inland Rail project and regional New South Wales.

This submission makes comment on the impact of Inland Rail on the local government area (LGA) of Coonamble

a) Economic development opportunities arising from the project

In 2016, Coonamble grain depots combined, received the highest volume of grain and lupins of any town in Australia (550,000 tonnes). This volume demonstrates the very high level of agricultural production in the Coonamble local government area (LGA), and the need for optimal connectivity, commodity supply chains and logistics.

Due to inefficiencies and cost prohibitions within both the current supply chains and logistics of agricultural commodities within, and out of, the Coonamble Shire, the potential productivity and economic benefits for grain producers in the area is currently unrealised. If efficiencies and cost barriers can be addressed through direct access to the Inland Rail close to Coonamble, this would result in economic and social benefits for growers, businesses and the region's population.

In 2014-15, the Australian Rail Track Corporation (ARTC) worked with PricewaterhouseCoopers to develop a detailed business case for Inland Rail. While the current alignment of Inland Rail does not reflect this potential, it is recognised by The Case For Inland Rail: "Another limitation of the existing route is that it bypasses some of Australia's most productive agricultural regions. This limits the ability of our regional suppliers and industry to access efficient transport networks and inhibits the productivity and economic growth for regional communities."

A minimum standard for the assessment of any town considered as part of the Inland Rail route should be introduced to see the investigation of a business case study, including a rigorous socio-economic benefits analysis.

The ARTC process to refine the route consists of three elements, i.e. impact on service offering, cost and multi-criteria analysis (MCA). Only 12.5% of the MCA is given to 'community and property impacts', which undervalues and underestimates the potential benefits and implications on communities and individual land holders considered along the potential route. It is strongly argued that this weighting is inadequate to provide for equitable outcomes.

In the 2010 Melbourne-Brisbane Inland Rail Alignment Study, Coonamble was an option considered along the alignment between Parkes and Moree. Now that the final alignment has been identified, which does not include alignment through, or within proximity to, the township of Coonamble, all economic and community benefits associated with direct access to the Inland Rail line are lost.

Inland Rail has the potential to contract the Coonamble LGA's economy as it draws locally grown product through supply chains outside of the region. This will leave existing supply chain assets, industries and jobs in the Coonamble LGA stranded. Considered and strategic investment is therefore critical to ensuring that investment along the Inland Rail project is not at the mercy of other communities' economies.

Agricultural producers, businesses and the community who call Coonamble LGA and north west NSW home want their economic activity directed through the Coonamble LGA to sustain a prosperous and resilient economy and community.

b) Infrastructure required to ensure regional communities benefit from the project

An investigation into the costs and benefits of the upgrade to the Coonamble – Gilgandra line was selected as a 'fast-track' project by the Australian Government's Interface Improvement Program (IIP). Coonamble Shire Council is a joint proponent of this project despite not providing an expression of interest nor requesting the investigation.

Coonamble Shire Council requested a business case study to investigate the social and economic benefits for Coonamble, should the route be closer to the township. This request was rejected by the IIP.

Subsequently, Council has requested the IIP investigate the costs and benefits of a regional activation infrastructure project located in the Coonamble LGA which maximises the potential benefits of Inland Rail to the local community and drives new and enhanced economic opportunities.

Such investment would deliver new and diversified economic and employment opportunities which add greater value and economic return for goods produced in the region, and which overcomes the current and potential threat of local and regional agricultural producers bypassing Coonamble and Inland Rail in their supply chains.

c) Engagement with regional communities to identify opportunities

Coonamble is central to the Narromine to Narrabri (N2N) project, the longest project within Inland Rail which comprises of approximately 300km of new track. There is a strong case for Inland Rail to traverse and provide direct access to the township of Coonamble. This has been the position of the Coonamble Shire Council and NSW Farmers since the inception of the Inland Rail project.

To date, the Coonamble township has not been adequately considered for direct access to the Inland Rail route.

Coonamble Shire Council has previously called for a strategic business case study to investigate the social and economic benefits for Coonamble, should the route be closer to the township. Such a study would determine whether an increased journey time may be justified by potential social and economic benefits, and no route should be confirmed until such studies have been assessed.

John Fullerton, CEO, ARTC, states in The Case For Inland Rail: "By making the most of existing tracks we minimise the impact on the community and provide value for money". The utilisation of the existing tracks to the Coonamble township must also be considered in a business case study before being discounted.

Consultation and engagement by ARTC and government has historically been poor and not enabling for genuine community participation. Most recently, the Environmental Impact Statement (EIS) for the N2N Inland Rail Project was on public display and available on the NSW Department of Planning, Industry and Environment (DPIE) Major Project website from Tuesday, 8 December 2020 until Sunday, 7 February 2021. This timing coincided with harvest, Christmas and the holiday period. Considering the agricultural dominance in the Project area and reliance of communities on harvest, as well as the inconvenience of holiday period, this timing was inconsiderate.

d) Alignment of the project with the NSW Freight and Ports Plan 2018-2023 and State Infrastructure Strategy 2018-2038

Without realignment or additional investment in the Coonamble LGA, the N2N project fails to align with the objectives of the NSW Freight and Ports Plan 2018-2023 and State Infrastructure Strategy 2018-2038, as described in points a) and b) of this submission.

e) Any other related matters

There are negative impacts resulting from a lack of investment in Coonamble LGA's rail-based supply chain, including:

- Inland Rail's and Coonamble-Gilgandra rail line's potential throughput are impacted.
- The Coonamble LGA's reputation as a region for supply chain investment is undermined.
- New opportunities for economic growth and employment are being missed. The opportunity for Coonamble LGA to position itself as a rail-based supply chain of choice for the north west NSW grain growing region are being missed.
- There is no value-add or diversification investments, current or planned, in the Coonamble LGA.
- Other methods, localities and regions are now receiving local product as agricultural producers make business decisions to direct their product to supply chains which offer greater efficiency, financial return and flexibility. The resulting economic leakage from Coonamble LGA will continue to escalate.
- With investment increasing into regional hubs who have direct access to Inland Rail, the Coonamble LGA's competitiveness will be further affected.
- There is a real risk that supply chain assets in the Coonamble LGA will become stranded, as locally grown product bypasses its local supply chain in pursuit of more appealing supply chains opportunities in other regions.
- The cost to freight grain from Coonamble by rail is double that of trucking.

- Because of Coonamble LGA's distance to markets, price for freight is already high, which reduces the region's ability to compete. Agricultural producers have achieved maximum efficiency in terms of production and yield, and reduced their costs of production as far as is possible. Now, the only gain or loss which can be achieved in terms of profit margin is within the freight component of their products.
- It is difficult to determine the true volume of grain produced in the Coonamble LGA and surrounding north west NSW, which inhibits the development of a business case for future investment. In 2016, between Coonamble's two grain receival operators, Coonamble received the highest volume of grain (550,000 tonnes) of any town in Australia. In 2016, there were significant failures of the two receival operators to keep up with the volume of grain being harvested. Large volumes of grain subsequently bypassed Coonamble's grain receival operators or were stored on-farm. Therefore, the 2016 figure quoted does not capture the region's true volume of production, or full investment opportunity.
- Although Coonamble LGA is a large consumer of bulk agricultural inputs, including chemical, fertiliser and fuel there is no rail-based supply chain established in the Coonamble LGA for these inputs, or centralised warehousing facility.

Improved safety for road users will be achieved when rail becomes the supply chain of choice in the Coonamble LGA. Market failure of the rail-based supply chain in the Coonamble LGA means that for many agricultural producers, road is the supply chain of choice. Investment will drive up the efficiencies of the rail-based supply chain in the Coonamble LGA, redirecting product off the road and onto rail, and creating safer roads.

Thank you for the opportunity to provide the Legislative Assembly Committee on Investment, Industry and Regional Development with information about the impact of Inland Rail on the community and LGA of Coonamble.

Yours Faithfully,



Hein Basson
General Manager