

**Submission  
No 4**

## **INLAND RAIL PROJECT AND REGIONAL NSW**

**Organisation:** Gunnedah Shire Council

**Date Received:** 20 January 2021



Chair  
NSW Legislative Assembly  
Committee on Investment, Industry and Regional Development  
Parliament of New South Wales  
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SYDNEY NSW 2000  
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19 January 2021

Dear Sir/Madam

**Re: Gunnedah Shire Council submission to the Inland Rail project and regional NSW**

Gunnedah Shire Council (Council) writes in support of the Committee on Investment, Industry and Regional Development inquire into and report on the Inland Rail project and regional New South Wales in particular due to the economic opportunities arising from this project.

The Gunnedah LGA, in the Northern Inland Region of NSW, is a prosperous agricultural area and has extensive coal and gas resources. Agriculture has traditionally been the primary economic driver, underpinning other sectors of the community. Freight generated in the region includes wheat, sorghum, barley, cotton, canola, sunflowers, fava beans, soya beans, chickpeas, corn, olives, citrus and vegetables. The region also produces livestock including cattle (primary activity), sheep, poultry and pigs. Freight produced in the Gunnedah LGA is predominately transported by road along the Kamilaroi and Oxley highway towards the Port of Newcastle, Port Botany or to Sydney. The Kamilaroi highway is a significant freight corridor, with heavy vehicles accounting for 20% of traffic along the highway. The Oxley Highway provides east-west connectivity and connects Gunnedah to the Newell Highway at Coonabarabran in the west and Tamworth in the east.

The region is reliant upon efficient supply chains and connectivity to domestic and international markets in order to support economic growth and diversification. Addressing constraints in the current freight network and improving the reliability to rail will ensure the region can continue to meet its ambition of being one of Australia's leading agricultural regions. Inland Rail will be a critical investment to support the growth and development of this region's economy and is designed to address the existing constraints facing producers and freight operators.

Inland Rail presents a number of benefits to the Gunnedah Shire economy and community. Council is developing an application under the Federal Government's Inland Rail Interface Improvement (II) - Productivity Enhancement Program (PEP) to establish the Gunnedah Intermodal Freight Terminal (GIFT). Council were successful for Gateway Two and will submit their application for determination later this month. The GIFT would be a point of modal transfer for goods produced in the region and will be a critical enabler of freight travelling on the existing rail line which connects with Inland Rail services at Narrabri where goods can travel north to Brisbane or south to Melbourne.

The benefits that will be realised as a result of the Proposal include:

- Improved connectivity and productivity will lead to additional freight pathways and access to new domestic and international markets, freight travel time savings, increased reliability and potentially minor increased generated demand through modal shift

- More efficient supply chains will lead to freight travel time savings, increase reliability, wagon and locomotive maintenance cost savings and road environmental impacts
- Increase efficiency will lead to freight travel time savings, crew cost savings, fuel cost savings and rail environmental impacts increasing industry profitability
- Unlocking infrastructure potential will enable and support increased investment in the region and generate wider economic benefits for the region, whilst also providing infrastructure that has the potential to induce new demand or new freight pathways.

The major freight corridors between Gunnedah and destination markets are from west to south-east, with freight travelling along both road and rail corridors to destinations including Port of Newcastle, Port Botany and Sydney. In the Gunnedah LGA, there is an absence of a reliable and efficient north-south freight connection from Gunnedah which limits the ability for producers in this region to access a range of existing and emerging markets. In order for goods to travel north to Brisbane, trucks must travel west along the Kamilaroi Highway before heading north at Narrabri along the Newell Highway. North running rail services from Gunnedah terminate at Armidale. Recently performed demand analysis by Ernst and Young showed that approximately 60% of goods produced in this region are bound for destinations south-east of Gunnedah.

Inland Rail will present opportunities for more efficient supply chains making the producer closer to the access larger markets. Inland Rail should make rail transport a preferred alternative to road haulage, generalized transport costs would have to be equal or lower, meaning the extra costs of transporting to and handling at the intermodal terminals must be offset by the lower costs of the long-haul transport.

Producers in the Gunnedah region are currently reliant on road, and consequently, does not benefit from a competitive freight transport market. Inland Rail, will provide greater modal choice and in doing so, will support service improvement and transport costs for producers and industry within the Gunnedah region.

A lack of reliable and efficient freight connections between Gunnedah and end destinations is leading to higher transport costs and reduced access to markets. Higher regional transport costs are being driven by potential rail users using less efficient and more costly journeys to access key destinations, as well as the limited number of viable options available to support produce from the region being transported to high value markets and value-adding operations. The lack of connectivity and associated increased transport costs results in reduced profit margins for regional producers in Gunnedah.

Higher transport costs from Gunnedah may contribute to local industry realising less savings related to seamless and efficient travel compared to industry in other regions. For example, the CSIRO Inland Rail Supply Chain Mapping report quantified an average cost saving of approximately \$76 per tonne for horticultural products and post processed food road trips if shifted to Inland Rail from road freight transport. As such, if the Inland Rail was to be delivered, there would be cost savings as a result of the proximity to high-quality and efficient end-to-end supply chains.

In addition to the economic benefits that Inland Rail presents to the Gunnedah LGA, there are significant environmental impacts and reduction of damage to roads that should be considered. Inland Rail is expected to result in environmental benefits through modal shift and diverting more freight from road to rail.

It is also expected to result in road damage cost savings as result of diverting more trucks off the road network and moving freight onto rail. This should result in less wear and tear on the road network and potential savings in maintenance costs.

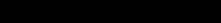
Gunnedah Shire is in support of the development of Inland Rail particularly due to the economic benefits it will present to our region. It should be noted that in order to make the freight network a success sufficient access points need to be provided in the form of intermodal freight hubs to allow access for regional producers and business to utilise the service. The GIFT would allow better access for the Gunnedah region and beyond. I strongly recommend that the Committee consider projects such as this and the benefits that it would provide to producers in Gunnedah as well as the wider benefits of the overall Inland Rail project.

Gunnedah Shire Council is extremely focused on economic development and is happy to support the development of Inland Rail in NSW. Any incentive to boost our economy by reducing cost of doing business would be welcomed.

Yours Faithfully



Eric Groth  
GENERAL MANAGER



Reference: ch:bg