

NSW Freight Policy Reform – Interim Directions Paper

Submission by Coonamble Shire Council

Introduction

The Coonamble local government area is located on the Castlereagh Highway in north-western NSW and covers an area of 9,955 km². By road, Coonamble township is approximately 160km north of Dubbo, 580km north-west of Sydney, and 820km south-west of Brisbane. Coonamble is located at the terminus of the Coonamble-Gilgandra branch rail line and Graincorp owns grain storage facilities adjacent to the line in Coonamble, Combara, and Gulargambone. Council is responsible for approximately 1,537km of local and regional roads, of which 1,171.66km are unsealed. Additionally, there is 115km of state highway within LGA boundaries.

Agriculture in the LGA is based on extensive dry-land farming and grazing. Properties range in size from around 3000 to 5000 hectares in the western parts of the LGA and from 2000 to 3000 hectares in the eastern area. According to the Coonamble Council rate base there are 818 properties classified as Farmland, valued by the Valuer General at around \$1.8 billion. Most properties are family owned.

Grazing and cereal cropping are the primary agricultural activities, with mixed grain/livestock properties accounting for around 44% of producers. Wheat is the main winter cereal, with barley and oats being secondary crops, and a range of new crops including legumes, pulses and oilseed introduced into the cereal rotation program.

The district enjoys an extended growing season and moisture-retaining black soils, and traditionally yields high protein wheat which is highly sought after for its flour/bread making qualities. As there is virtually no irrigation in the LGA, increased production has been the direct result of changing farming techniques such as no till-stubble retention and increased water use efficiencies supported by plant breeding and advances in agronomy, farm machinery and other technology. Drought and other extreme weather events can have a significant impact on production from year to year. During prolonged droughts, grain receipts to Graincorp silos in the Coonamble LGA may average around 183,000t; over the last two years, receipts have averaged around 500,000t.

Interim Directions Paper (IDP)

Council's submission will focus on three issues raised in the Paper: the grain rail network in rural NSW; disaster recovery; and pricing impacts on local government.

1. Grain rail network in rural NSW

IDP sections 3.6, 3.8.1 (5), 3.8.3 (5)

Council recognises the need to modernise rural road and rail infrastructure, including the now antiquated grain rail network. However, it is equally important to ensure that rural communities can retain ready access to the grain branch lines. These lines are vital for the economic wellbeing of rural areas, particularly the agricultural sector.

Grain branch lines play a critical role in supporting rural economies by providing a reliable and cost-effective means of transporting agricultural products. The benefits of maintaining these lines include:

- a. Economic stability: Grain branch lines help farmers and rural businesses access broader markets, ensuring competitive pricing and economic stability.
- b. Reduced road congestion: By transporting large volumes of grain via rail, we can reduce the burden on rural roads, decreasing maintenance costs and improving road safety.
- c. Environmental benefits: Rail transport is generally more fuel-efficient and produces fewer emissions compared to road transport, contributing to environmental sustainability.

Balancing the modernisation of the rural road and rail network with the retention of grain branch lines is essential for fostering sustainable economic growth in rural areas. By recognising the importance of these lines and advocating for their continued support, we can ensure that rural communities remain connected and prosperous.

2. Disaster recovery

IDP section 6.4.1

Council supports the proposed action to ensure freight outcomes are considered as part of infrastructure betterment when repairing or building back assets that have been directly damaged by natural disaster.

The increasing frequency and severity of natural disasters necessitate a proactive approach to infrastructure repair and rebuilding. Ensuring that freight outcomes are considered as part of infrastructure betterment is crucial for enhancing the resilience and efficiency of transportation networks and offers several benefits:

- a. Enhanced resilience: Designing infrastructure with freight in mind ensures that roads, bridges, and railways can withstand the increased stress and demands during and after natural disasters.
- b. Economic continuity: Maintaining efficient freight routes during disaster recovery helps minimise economic disruptions, ensuring that businesses can continue operations and supply chains remain intact.
- c. Safety and efficiency: Improved infrastructure reduces the risk of accidents and delays, enhancing the overall safety and efficiency of freight transportation.

Successful examples of infrastructure betterment that have incorporated freight considerations can be found in:

- Queensland: After severe flooding, the QLD Government invested in raising and reinforcing key freight routes, resulting in reduced downtime and quicker recovery for the freight industry.
- Japan: Following the 2011 earthquake and tsunami, Japan implemented robust infrastructure improvements, including elevated rail lines and reinforced ports, ensuring the continuity of freight operations during future disasters.

Integrating freight outcomes into infrastructure betterment is essential for building a resilient and efficient transportation network capable of withstanding future natural disasters. Council supports this proactive approach to safeguard economic stability, enhance safety, and promote sustainable development.

3. Pricing impacts on local government

IDP sections 7.5, 7.7.1 (1), 7.7.2 (2)

Council welcomes the comments at section 7.5 of the IDP regarding the inability of local government to raise funds for road construction and maintenance and, further, that grants from federal and state or territory governments make up approximately 14% of local government revenue, with that number being over 50% for some rural and remote councils.

Earlier this year, Council made a submission to the Inquiry into the Ability of Local Government to Fund Infrastructure and Service. Extracted from that submission, and relative to this issue:

Council relies heavily on grants and contributions for improvement and maintenance/operation of its assets. Based on the last three years, the income from operational grants has averaged 44% of Coonamble Shire Council's operational budget. Council's General Fund Revenue budget for 2023/24 was \$31,652,956, of which rate income equates to 16%. General rates income for 2023/24 was \$5,370,000. Council's depreciation on roads alone is approximately \$3.6M for the same financial year.

The allowed rate peg of 3.7% has generated an additional \$241,000 in income for Council in 2023/24. Council's wage increase for that same period was \$345,000, demonstrating that the allocated rate peg did not even cover the wage increase, let alone increases in costs for asset maintenance and renewals.

Council is rarely in the position to be able to provide anything other than minor contributions or works in kind to grant funded projects. Funding bodies need to be able to consider the inability of rural councils such as Coonamble Shire Council to provide any extra funding/capacity to pay. The funding that is available to councils is used not only for servicing, but also renewals.

Over the past five years, Coonamble Shire Council has been successful in receiving over \$65M of extra grants from both the Commonwealth Government and NSW State Government. If similar grant income is not sustained, Coonamble Shire Council's infrastructure backlog will start again to increase with the resultant reduction in asset condition and service provision.

With the prospect of a continued reduction in NSW State Government grants, concern is also being expressed regarding being able to sustain the internal Infrastructure Projects Management Office and the current professional engineering capacity of Council's Engineering Services Department.

Council thanks you for the opportunity to provide a submission on the Freight Policy Reform – Interim Discussion Paper.