

Our Reference:

Your Reference:

Contact Name:

Transport for NSW (TfNSW)
Freight Branch Team

By email: Freight@transport.nsw.gov.au

Wednesday, 5 June 2024

Re: Freight Policy Reform Consultation Program – Narrabri Shire Council Submission

Dear Sir/Madam,

Thank you for the opportunity to provide feedback in relation to the above. It is acknowledged that the reform program will involve policy reviews relating to different parts of the freight system, particularly in relation to road, rail and ports. Critical facilities connecting and supporting the supply chain such as intermodals and industrial lands will also be considered as part of the review process, recognising they play a part in connecting the movement of goods across the network.

As part of this process, the NSW Government is developing guiding policy principles in relation to:

- the role of the NSW Government, Federal Government and industry
- optimising the operations of the commercial ports in NSW
- supporting metropolitan and regional intermodal terminals and other enabling transport infrastructure
- the road and rail network
- embedding freight considerations into transport planning, prioritisation and investment decisions including securing industrial land.

It is understood that these guiding principles will be used to inform the development of short, medium and long-term actions that will be driven by the NSW Government in collaboration with industry and the Federal Government.

Narrabri Shire Council has reviewed the corresponding Consultation Paper and provides the following feedback to assist the Panel in the review process.

Local Context

Narrabri Shire is a [local government area](#) in the [North West Slopes](#) region of NSW. The primary settlement of Narrabri is located adjacent to the [Namoi River](#) and at the confluence of the [Newell](#) and [Kamilaroi Highways](#). The local government area (LGA) is strategically positioned halfway between Sydney and Brisbane, and is considered to be resource-rich. Key local industries include mining and agriculture. At the last census (2021) the resident population was 12,721 persons.



Narrabri Shire Council's vision is articulated in the Community Strategic Plan as follows:

"Narrabri Shire will be a strong and vibrant regional growth centre providing a quality living environment for the entire Shire community."

The township of Narrabri is considered to be one of the most flood prone settlements in NSW. The community of Wee Waa, located west of Narrabri, is periodically completely isolated by flood waters for long periods (up to two weeks) and is protected by a ring levee. Narrabri Shire contains a number of vulnerable and at-risk communities that are flood-affected. These communities have a high Aboriginal population, low socio-economic base and are also ageing in nature.

Council has an extensive rural road network of 2,344 kilometres in length and the Shire's total land area is 13,031km². Like many rural and regional Councils in NSW, it provides a broad range of services, including but not limited to, drinking water provision, sewerage treatment plants, waste management, community services and recreational facilities within multiple settlements across the local government area.

Narrabri Shire is strategically located with reasonably efficient and highly important access to key domestic markets and international gateways. Future necessary investments will further strengthen this. Narrabri Shire is located directly along or in close proximity to key inland transport routes connecting to Brisbane, Melbourne, Newcastle and Sydney. This gives the Shire an advantage in attracting and retaining businesses that rely on efficient access to domestic and international markets via road and rail. The Shire's geographic advantages will be harnessed by planned investments, including Inland Rail, the former SAP area and N2IP (Inland Port), which will enhance and leverage connectivity to Brisbane, Sydney, Newcastle and Melbourne to support new and existing industries.

These investments will provide opportunities for local industries across Narrabri Shire's townships, supporting greater market access for producers and businesses. For Narrabri Shire to harness its competitive geographic advantage and connectivity for the benefit of the community and industry, ongoing infrastructure investment will be a key priority. This includes new connections, such as Inland Rail, as well as upgrading and maintaining existing connections, including flood-proofing key roads and enhancing access for road and rail freight.

Discussion Question One

- (a) In relation to the above six matters, are there particular aspects of policy that are causing challenges to your business operations or efficiency?**

Council Response:

Narrabri Shire Council is renowned for its significant production of cotton and grains, contributing heavily to both local and national economies.

Narrabri Shire's estimated output in 2023 was \$5.6B, with mining representing \$3.53B, and agriculture sector \$519m. Narrabri Shire is home to several large commodity exporters, with \$418m in regional exports in 2023.

Narrabri Shire's Key Propulsive Economic Sector is agriculture, providing backward linkages, exports, employment and value add to the local economy. The sector is underpinned by a strong, active and engaged local transport and freight sector.

Cotton is the crop most predominately grown using irrigation. This is due to it being the most profitable/best gross margins for most producers. To avoid the issues such as disease and herbicide resistance other crops are grown in rotation with cotton.

Cotton Australia estimated Australia would produce 5 million bales in 2023. In the Lower Namoi Valley in 2023, 38,000ha irrigated cotton was planted- this is full production for our area. 46,000 ha planted of dryland cotton (Note: there is 2 – 3 row 'gaps' in dryland cotton planting).

In 2023, it is estimated that Irrigated Bales 420,000 + 160,000 dryland bales will be produced in Narrabri Shire. Narrabri Shire would account for approximately 11.6% of National Cotton Production using Cotton Australia's 5m bale prediction in 2023. Annually, the freight volume from Narrabri reaches 1.83 million tonnes.

Narrabri Shire Council supports the construction of the nation building Inland Rail infrastructure. Council continuous to work with the Inland Rail organisation to assist in fast tracking the Narromine to Narrabri (N2N) stage of the development. Producers need assurance that this project will be completed quickly, to confidently invest in on-farm storage and plan for expanded intermodal operations over the next decade.

Rail Freight Corridors



Source: Transport for NSW



Source: Transport for NSW

Road Freight Corridors

The current NSW Freight and Ports Plan does not recognise the Port of Newcastle as a future container terminal. If the Port of Newcastle were recognised as a container terminal, it would offer a more direct, lower carbon, and cost-effective route for our agricultural products.

Currently, many agricultural businesses are forced to divert their freight to Port Botany or Port of Brisbane, resulting in higher costs and logistical inefficiencies. Local cotton growers are sending cotton to the Port of Melbourne to avoid congestion at Port Botany. The carbon emissions and distance of travel is of concern, this is not the most efficient path to market. There is also the lost economic gain for NSW when freight is imported or exported using ports in other states.

Recognising the Port of Newcastle's potential could significantly improve the efficiency and sustainability of our freight system.

Specifically, freight from Narrabri must travel an additional 191 km to reach Botany, increasing costs by \$567 per container (TEU) compared to Newcastle. The situation is exacerbated when congestion at Botany necessitates routing to Melbourne, which involves a further 542 km, drastically inflating freight costs to \$1609 per container and extra travel time.

Removal of Funding and Support for the Narrabri Special Activation Precinct (SAP)

Following the 2023 NSW local government elections, Council was advised that the Narrabri SAP would no longer be proceeding and funding was subsequently withdrawn. Council has been actively advocating for reinstatement of the funding from both State and Federal government to enable essential enabling infrastructure including construction of a rail siding at Council's N2IP (Inland Port) site to proceed as soon as is practicable.

(b) In relation to the above six matters, are there particular actions – short, medium or long-term, that you think the NSW Government alone or together with the Australian Government should take to support the efficient operations of your business?

Council Response:

Short-term:

- Completion of Inland Rail infrastructure, particularly the N2N stage. Delivery of the entire Inland Rail project sooner with an optimal alignment at Narrabri. The alignment should facilitate efficient connections to existing railway lines and convenient access for both agricultural producers and businesses located at N2IP. (Refer Narrabri Shire Economic Development Strategy Action 2.1.1).
- Development of Inland Rail Interface Improvement Program initiatives at Narrabri. (Narrabri Shire Economic Development Strategy Action 2.1.3).
- Upgrades to the Kamilaroi Highway to provide a flood-immune road connection between Narrabri and Wee Waa. (Refer Narrabri Shire Economic Development Strategy Action 2.2.2).
- Investment in transport-related infrastructure, including heavy vehicle parking and facilities, near Narrabri to promote greater economic activity and safer movement of heavy vehicles. (Refer Narrabri Shire Economic Development Strategy Action 2.2.4)
- Establishment and support for the Northern NSW Inland Port (N2IP) and Narrabri Place Strategy.
- Immediate recognition of Newcastle as a future container terminal.
- Investment in rail infrastructure to improve the connections to Narrabri-Newcastle corridor, including connection to N2IP site in Narrabri, additional passing loops, enabling more efficient freight movements and more train paths.

Medium-term:

- Upgrade the Kamilaroi, Newell and New England Highways to improve safety and capacity for freight transport.
- Develop regional intermodal terminals and distribution facilities at strategic locations to facilitate efficient mode transfers.

Long-term:

- Upgrading the Walgett to Narrabri rail line from 21TAL to 25TAL as this will encourage greater mode shift from road to rail, collecting the grain from the source at Walgett and putting it on rail for the entire journey to port.
- Continuous investment in advanced technologies to modernise freight operations, ensuring sustainability and resilience.

Discussion Question Two

Do you have recommendations or issues to note about rail freight policy?

Council Response:

Narrabri Shire Council covers two (2) segments of the Inland Rail, being the Narrabri to North Star (*N2NS*) and the Narramine to Narrabri (*N2N*) components. The N2NS section located to the north of the township of Narrabri is complete, and the N2N section is yet to commence physical works.

There is a need to:

- Complete the physical works on the N2N Component of Inland Rail and provide the business community with confidence it will proceed.
- Ensure there are strategic interfaces with the CRN/ARTC network at the junctions of Curban and Narrabri.
- Standardise a minimum of 25 TAL across the network to support heavier loads, thereby increasing efficiency and reducing trips.
- Modernise signal technologies to enhance safety and operational speed.
- Develop longer train strategies and improve refuelling regimens to boost capacity and reduce transportation costs.
- Ensure the completion of Inland Rail to support long-term agricultural growth and improve the overall logistics network.
- Getting agricultural or resource products to port via rail requires parties to enter into a take or pay arrangement with the rolling stock provider. This has the effect of increasing freight rates and due to inefficient rail, road costs are now comparable to trains. In 2014 the Port of Brisbane produced a document where it advised that only 5% of its port bound container freight was transported by rail where the global standard is 30%. It also stated that the current network is inefficient and uncompetitive. Ultimately, high freight costs due to inefficiencies and a requirement to take long term take or pay contracts, increase customer costs without a corresponding rise in efficiency.
- The United States currently moves approximately 40% of its freight by rail. The Eastern seaboard of Australia is currently between 3 to 5%. This has decreased dramatically from the 1970's when eastern states of Australia were transporting approximately 35% by rail as well. This has been due to limited investment in rail but major increase in road investment.

Infrastructure Constraint (LGA)	Description	Safety Considerations	Sustainability Considerations	Productivity Considerations
Narromine to Narrabri Inland Rail	Connect the segment from Narromine to Narrabri	Enhances rail safety and capacity	Confidence in investment for the region	Expansion of on-farm storage and intermodal operations
Diamond Junction at Narrabri	Interfaces between Inland Rail and the Hunter Valley Coal Chain at Narrabri need to be adequate and efficient	Enhances rail safety and capacity	Improves flow and congestion	Adequate and efficient interfaces between Inland Rail and Hunter Valley Coal Chain
Cessnock to Newcastle Rail Services (Cessnock & Newcastle Councils)	Initiative to enhance rail services between Cessnock and Newcastle	Enhances rail safety and capacity	Facilitates more sustainable transport modalities	Supports regional industrial activities and connectivity

Some insights into constraints are as follows:

- Narrabri Shire Council has identified congestion and limited passing loops on the Narrabri to Newcastle rail line as a freight constraint.
- Currently, agricultural trains must make way for coal and passenger services.
- In the future, export-oriented freight is likely to be serviced through dedicated (single-stacked) regional export trains traveling directly to export terminals.
- Congestion on the Narrabri-Newcastle Line is more of a planning and execution issue rather than an infrastructure one, and there is spare capacity as it is well-used. Investment in rail scheduling technology to assist with automated scheduling of the rail lines to improve congestion on the Narrabri – Newcastle line.
- Narrabri Shire Council would like to see the completion of Inland Rail, particularly the segment from Narromine to Narrabri. Producers need assurance that this project will be completed quickly so they can confidently invest in on-farm storage and plan for expanded intermodal operations over the next decade.
- At peak periods throughout the year, regional agricultural businesses find it nearly impossible to get a suitable volume of containers from Sydney to pack product.

As detailed previously, agriculture is a significant export industry for Australia with roughly two thirds of food and fibre exported to overseas markets. Consistent with megatrends identified by AgriFutures Australia in their study *The Impact of Freight Costs on Australian Farms* (Deloitte Economics 2019), it is expected that global food demand will rise as the world's population increases over the next 20 years, creating new growth opportunities for the export of Australian produce.

AgriFutures Australia has identified that one of the key determinants in ensuring that Australian agriculture can reach its full potential are least-cost pathways to transport food and fibre from paddock to port. They identify that at present, logistics are the largest single cost item in the production of many agricultural industries, amounting to as much as 48.5% of farm-gate cost in case studies. The organisation has consistently advocated that the key to improving transport efficiencies for agriculture is to invest strategically in infrastructure and determining how best that infrastructure should be funded. It also requires a strategic planning and regulatory framework to ensure infrastructure can be efficiently utilised by industry. Knowing how much farmers pay for transporting their produce to consumers is crucial to measure the competitiveness of Australian farmers and to find out where the transport of agricultural goods faces pinch points and bottlenecks.

The 2019 study provides a useful analysis of the freight costs facing Australian farmers when moving commodities from farm to processor, port and/or domestic market. The domestic analysis is complemented with research of international agricultural supply chains to provide a benchmark of Australia's performance and its ability to compete on agricultural transport costs at a global level. A copy of the study can be accessed from:

[19-005-2.pdf \(agrifutures.com.au\)](#)

The Panel's attention is also drawn to the contents of Council's 2016 submission to the Regional Intermodal Terminal Taskforce Freight, Strategy and Planning - Transport for NSW. A copy is enclosed to this submission as information and background.

Discussion Question Three

Do you have recommendations or issues to note about ports?

Council Response:

There is an abundance of agricultural port capacity around Australia, however, the key issue is with the pipeline that feeds product efficiently and effectively to those ports. The only way that this bottleneck can be relieved is by investment in both railway lines with higher axle limits and either dual lines or substantial passing lanes to limit any unnecessary waiting by any train thereby smoothing out movement flows. If all bottlenecks are removed, then agricultural product at port has a competitive advantage over its international competitors. If product remains up country due to poor logistics, then value is eroded daily with interest and carry costs borne by the marketers and passed on to the growers through lower prices.

In Western Australia there are four agricultural ports that can deliver 1.6 million tonnes per month (mtpm). From Thevenard in South Australia to Mackay in Queensland there are a total of 15 agricultural ports that combined can only deliver 900,000 tonnes per month. What this means from a financial perspective is that Western Australian grain growers

receive a \$20 per tonne premium on what the east coast growers get due simply to their better logistics and superior supply chain efficiencies. By getting a more efficient network in NSW, growers will ultimately be able to receive a higher return on selling their product.

Anticipated changes in port operations, driven by increases in container trade particular with produces in Narrabri Shire looking at exportable containerised products, and the decline of coal exports, necessitate several strategic adjustments. Establishing an empty container park in Newcastle will support import container demand and provide essential services such as container supply, de-hire, repair, cleaning, and inspection.

Improving Inland Rail connectivity at critical junctions will facilitate efficient cargo transfers between rail and road, promoting a modal shift from road to rail for containerised agricultural exports, thereby reducing road congestion and lowering emissions. Investing in rail infrastructure to enhance connectivity and capacity, particularly for key export routes, and developing intermodal terminals and distribution hubs will streamline goods transfer between transport modes, reducing logistics costs and supporting economic growth.

In an effort to even out the flow of containers, it is recommended that a substantial up country empty shipping container facility be developed at Council's N2IP site. This would decrease the cost of storage in high priced, congested port facilities and have them stored in a cheaper area and where they are going to be filled again ready for export.

Discussion Question Four

Do you have recommendations or issues to note about road freight?

Council Response:

At present the trucking industry receives a diesel subsidy which makes the movement of freight artificially cheaper than it would be if normal market forces were in play. Trucks are further assisted by the fact that from major centres they are running on a 21st century road network. Trains by comparison are running on 19th century infrastructure. A number of existing tracks were engineered and laid down for steam trains. Current day locomotives cannot go any faster as they are inhibited by the curvatures of the track.

Further the trucking industry does not impose on its customers any long term take or pay contracts meaning (in this case) customers are not charged for not providing a shipping container.

Key considerations for road freight include:

- Improving safety by adding overtaking lanes and upgrading bridges along routes Kamilaroi Highway, Newell Highway and New England Highway.
- Implementing performance-based standards for vehicles to improve efficiency.
- Transitioning to a sustainable funding model that emphasises long-term outcomes and reduces administrative burdens.
- Encouraging local knowledge incorporation into decision-making processes to address specific regional challenges effectively.

- Investment in transport-related infrastructure, including heavy vehicle parking and facilities, near Narrabri to promote greater economic activity and safer movement of heavy vehicles.

Some insights into Road Freight Constraints:

- In relation to road freight, Narrabri Shire Council is advocating for the upgrade of local roads that are not approved HML and PBS access and has also identified flood-prone regional and local roads as their key constraints.
- Narrabri is in the process of reconfiguring the planning of their SAP and it needs to go ahead (NSW Government announced in Oct 2023 it would not go ahead).
- The intermodal hub, known as the Narrabri to Inland Rail Precinct (N2IP), will provide significant space alongside the Inland Rail line for manufacturing, value-adding, packing, and many other possibilities. They see the Port of Newcastle as a key export destination for products coming out of and going into the N2IP. Narrabri Council emphasises the need for more light industrial land in Narrabri with highway frontage to support local businesses and economic growth.

The table below summarises the infrastructure constraints which serve as a critical freight corridor to the Port of Newcastle.

Infrastructure Constraint (LGA)	Description	Safety Considerations	Sustainability Considerations	Productivity Considerations
Hexham Straight Widening (Newcastle City Council)	Widening of a congested section of the Pacific Highway	Decreases congestion-related accidents	Improves traffic flow and reduces vehicle emissions	Essential for maintaining the efficiency of a major transport artery
Lower Hunter Freight Corridor (Multiple Councils)	Project aims to separate rail freight from passenger lines to ease congestion	Significantly reduces risk of rail collisions	Enhances rail efficiency, leading to reduced fuel use and emissions	Strategic rail improvements to bolster regional freight and economic activity

Discussion Question Five

Do you have recommendations or issues to note about decarbonisation or changing technology?

Council Response:

Figures published by the Commonwealth Government's Bureau of Infrastructure, Transport and Regional Economics show that nationally the cost of moving 1 tonne of freight by road over a distance of 1 kilometre (known as the cost per tonne kilometre) is 9.0 cents for road, more than double the 4.0 cents for rail. The greenhouse gas emissions for road are more than triple those for Rail: 52 grams per tonne kilometre versus 15.

Freight networks should:

- Invest in rail scheduling technology to assist with automated scheduling of the rail lines to improve congestion on the Narrabri – Newcastle line.
- Encourage a shift from road to rail, supporting the use of low-emission vehicles.

Discussion Question Six

Do you have recommendations or issues to note about strategic land use planning and industrial land?

Council Response:

Strategic land use planning must:

- Incorporate urban freight requirements into future town and corridor plans.
- Prevent residential encroachment on port operations through coordinated efforts at all government levels.
- Encourage private investment in port and corridor development.
- Rapidly overhaul state planning processes to enhance efficiency, attract investment, and prevent capital flight to other states.
- Ensure there is adequate light industrial land with heavy vehicle approved access and highway frontage to support local businesses and economic growth.

As detailed in the preceding section, the expeditious completion of the current state-led rezoning process to facilitate activation of the former Narrabri Special Activation Precinct (SAP) site is needed. Additionally, the reinstatement of funding for enabling infrastructure is urgently required.

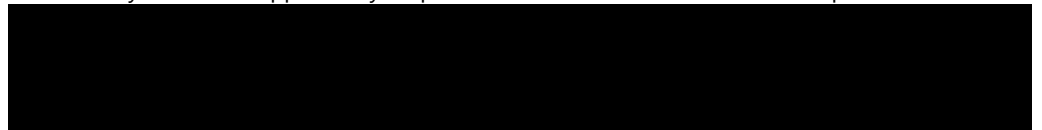
Discussion Question Seven

Does the NSW Government provide adequate consideration of freight matters?

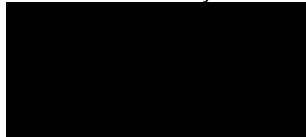
Council Response:

The current approach often lacks the dynamic response needed to address the evolving challenges in the freight industry. Therefore, we invite the panel to Narrabri for a roundtable discussion to better understand our unique challenges and opportunities. This engagement will provide a more informed and effective policy-making process that truly reflects the needs of regional NSW.

Thank you for the opportunity to provide feedback in relation to this important matter.



Yours faithfully,



Rob Williams
General Manager