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Freight and Supply Chain Inquiry
Department of Infrastructure and Regional Development
GPO Box 594
CANBERRA CITY ACT 2601

To Freight and Supply Chain Inquiry,

Inquiry into National Freight and Supply Chain Priorities

Thank you for the opportunity to make a submission and provide input into the Inquiry into National Freight and Supply Chain Priorities.

Moree Plains Shire is located 640km northwest of Sydney in the fertile Gwydir River and McIntyre River valleys in north-western New South Wales. It is home to a dynamic and progressive community, boasting strong agricultural industries in cotton, grain and oilseeds. The Shire covers an area of approximately 17,930km² and, according to 2016 Census data, has a population of 13,159. Moree, with a population of 9,311, is Moree Plains Shire's largest centre. Other villages in the Shire include Ashley, Biniguy, Boggabilla, Boomi, Bullarah, Garah, Gurley, Mungindi, Pallamallawa, Terry Hie Hie and Weemelah.

The climate of the Shire is temperate, with average temperatures of 4°C–19°C in winter and 18°C–33°C in summer. The annual average rainfall is 585mm and humidity is generally quite low, varying from 47% (at 3pm) in June to 30% (at 3pm) in November and December.

In contrast to much of inland Australia, Moree Plains Shire has an abundant water supply. The area overlies a portion of the Great Artesian Basin and has access to extensive artesian and sub-artesian underground water resources. Surface water, flowing from the tableland region of northern New South Wales into the extensive inland river system crossing the plains, is also in reliable supply. As it is throughout the black soil plains, agriculture is the main industry in Moree Plains Shire. In fact, with a Gross Regional Product of approximately \$737 million, Moree Plains Shire is one of the most agriculturally productive local government areas in Australia. Large scale cereal crops and cotton provide export industries for the region, while sheep, cattle, oil seeds, olives and pecan nuts contribute significantly to the local and national economy. The Shire is also home to extensive manufacturing and support industries, and well-developed artistic, cultural, educational, sport, recreational and social opportunities.

The primary transport routes are the Newell Highway, which connects Victoria with Queensland, and the Gwydir Highway, which connects the East Coast with western New South Wales. NSW

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Trains, regular air services and the major coach lines provide transport for passengers, and rail services provide seasonal services for the transport of bulk agricultural produce.

Air Freight

Moree Regional Airport is the gateway for business travellers, professionals and tourist as well as providing aviation based support for the agricultural industry. Council's long term goal is to have this facility to a standard matching major airport facilities.

The annual average growth rate in aircraft movements for this period is 6.7% with approximately 11,700 movements in 2012. As stated in the *Moree Regional Airport Master Plan 2014*, freight movements are estimated to account for approximately 4.0% of all aircraft movements at the airport. It goes on further to state that historically freight movements through the airport have grown by an average of 6% per annum and evidence suggests that it will continue to grow at this rate to 1,525 movements by 2033. A further 12% of all movements are related to the agricultural industry activities such as crop spraying with 6,000 movements expected by 2033.

If you would like a copy of the *Moree Regional Airport Master Plan 2014* please let me know and I will organise.

Rail Freight

Rail plays a critical role in providing substantial economic and community benefits to be realised by allowing more efficient movement of freight, reducing congestion on our key road transport corridors, and creating employment opportunities in regional Victoria, New South Wales and Queensland. Efficient rail access provides a range of opportunities for the regions and ensures that Australian agricultural products can be even more competitive in a domestic and global market.

Moree Plains Shire Council welcomes the Federal Government's financial commitment towards the continued development of the Melbourne to Brisbane Inland Rail Project. The Inland Rail will provide a corridor of opportunity between Brisbane and Melbourne via Toowoomba, Moree, Parkes and Albury, linking Australia's state capitals in the north, south, east and west. In addition, the project will improve productivity of the national land freight network and be an enduring economic asset for regional communities in south-east Australia. It will also give industry confidence in investing in regional New South Wales, Queensland and Victoria. This is a game-changer for our farmers and our Shire.

First and Last Mile

Moree Plains Shire Council is responsible for over 2,700km of urban and rural roads with approximately 2,000km being unsealed rural roads. The majority of these roads service highly productive agricultural farming businesses that rely heavily on road access to their properties. These first and last mile issues can be up to 100km or more of local rural roads in Moree Plains Shire that need to be travelled before reaching the Newell, Gwydir or Carnarvon Highways.

There is a need to move freight throughout the year and is heavily dependent on access to the local roads that provide access to the farm gate. In Moree Plains Shire there has been a

progressive change in the way grain is delivered to the receiver with a move away from the traditional seasonal delivery to the local grain receiver (eg. Graincorp, Manildra, GrowFlow and Louis Dreyfus Commodities) to *Just-in-Time* contracts which sees the grain held on property until ready to deliver directly to the ports or other receivers. This results in heavy vehicles up to triple road train size using the local road network all year round with smaller peak periods still being October and November for wheat harvest and April and May for cotton.

Unfortunately limited funding meant that Council in 2010 made the hard decision to inject funds into preserving the sealed road network but limit the level of service to the unsealed road network. This has resulted in the unsealed roads being allowed to return to black soil roads (natural surface) with only general maintenance now being undertaken eg grading and gravelling at critical locations. The unsealed road network no longer is able to meet the needs of the Shire or meet the long term requirements for an effective and efficient freight system.

What does this mean for the supply chain?

- 1) Less reliable road network for the movement of freight to and from the farm gate resulting in local farming businesses being unable to enter into more lucrative deals because of the high risk of not being able to deliver the freight within the contract parameters.
- 2) Increased chance that the road will be impassable during times of wet which means that;
 - a) Suppliers of inputs for productive farming are unable to deliver commodities such as fertiliser, seeds, fuel to the farming businesses
 - b) Trucks are unable to access the farming properties to transport the crop from the field or on farm storage facilities to the receiver or direct to the port
 - c) Staff are unable to access the property for work or local towns to conduct business, medical and education facilities
- 3) Travelling on unsealed roads increases the wear and tear to heavy vehicles and reduces the traveling speed considerably resulting in greater freight costs per tonne compared to areas with a much larger percentage of good sealed roads.

A recent example of where the local road was the weakest link in the supply chain is where local farmers John and Debbie were under contract to deliver grain to the Feedlot at Carrington. Unfortunately, rain during the week prevented them from doing it in the most cost effective manner as the rain lead to the local road being impassable for a number of days. To meet their tight delivery contract timeframe to the feedlot John and Debbie had to transport the grain on the weekend once the road had dried out enough to allow heavy vehicle access. The freight costs for this sale increased because the transport operators and the farm staff loading the grain into the trucks were now attracting penalty rates for working outside their normal operating hours. Stories like this are common on the black soil plains in our area and often farmers are not able to meet their contract deadlines because rain has made the road impassable. Sometimes the road can stay closed for more than a week at a time depending on the rainfall amounts. John and Debbie's property is located 18 km from the nearest highway with 12 of those kilometres being unsealed road.

Another example is Tallawanta, a 5,000 head cattle feedlot hoping to expand the capacity to 10,000 head. This planned expansion is not currently viable because the unsealed section of Gingham Road can become impassable during rain events, sometimes for weeks at a time. The risk of not being able to receive the much needed commodities required to keep the livestock alive, being unable to fulfil the orders from customers and not being able to receive the continuous supply of livestock for the operation is just too high of a risk.

Information provided to Council from local agricultural businesses suggests that transporting to and from Moree from roads such as Gingham Road is costing approximately \$22/tonne for grain over a distance of 67km while grain transported to and from Goondiwindi from Gingham Road is costing only \$26/tonne over a distance of 160km. The radical price difference between the two is due to the fact that much of the road to and from Goondiwindi is bitumen sealed while the route to Moree has a much longer section of unsealed road.

A local agricultural business located in the vicinity of Carrigan Road (MR507) which runs from the Newell Highway through to Mungindi across the top of Moree Plains Shire is forced to use alternative routes, increasing the travel distance by 40 to 50 kilometres each way, to deliver their produce to the northern markets due to the condition of the unsealed section of Carrigan Road. Often a premium is paid for commodities to be delivered in a specific delivery period. As this is a contractual obligation, failure to deliver during the specific time due to road access issues can lead to financial penalties, at best a loss of premium, at worst could result in losing the contract and damaging the business' reputation. This business utilises the following in a full production year; 1800 grain trucks, 525 cattle trucks, 180 chemical and fertiliser trucks, 460 feed supplement trucks, 400 cotton trucks, 52 fuel trucks and 365 freight carriers and then on top of that there is the movement of light vehicles to and from the properties daily.

A 28,500ha property is located on the unsealed road section of Carrigan Road producing wheat, chickpeas, barley, faba beans, sheep, cattle, cotton and wool. On average 15000 to 20000 tonne of commodities is freighted in 500 road trains from this property yearly plus the following supplies are brought; 25,000 litres of diesel, 700 tonne of fertiliser, \$50,000 worth of chemical, other merchandise such as fencing materials. This business employs five (5) fulltime workers, five (5) casuals which increases to twenty-two (22) workers during harvest plus many contractors, eg. spray rig contractors, header contractors and shearers. The business is forced to pay the contract truck drivers a premium price at harvest time because of the condition of the road, just so they won't leave the job and find a job on a better road. Fat lambs are sold straight to abattoirs and are forward sold and booked into be killed. Unfortunately the condition of Carrigan Road influences their decision not to forward sell and get a premium price because they can be held up and not fulfil their contracts in time which then costs them money.

Another property on Galtymore Road is required to use the regional road Carrigan Road to access the highways. They operate two (2) businesses from the property both involving heavy vehicle and machinery movements on the local road network. They produce and move 3,800 tonnes of grain and 10,500 bales of lint cotton via 290 road train movements annually. In addition they also freight livestock and inputs such fertiliser, chemical and fuel into the property. For their businesses

to be successful they need to provide confidence to their customers that the goods and services they provide can be delivered on time as per contract agreements. Often this is not possible due to the roads being impassable when it rains. They are disadvantaged because freight contractors charge more to travel unsealed roads compared to sealed roads and the market opportunities are lost due to unreliable roads.

While Council would love to be able to improve our local roads to cater for the ever increasing freight demands we simply don't have the funding to do so.

Long Term Strategic Planning

For Local Government there is a real lack of quantity and quality information that would allow for better strategic planning at the local level. To enable Local Government to plan strategically, we need better access to collated information about:

- Tonnage being transported
- The roads the freight is moving on and when
- Vehicle types carrying the load

Ideally, there needs to be a central database that supports the information and mapping requirements of all levels of government. Ideally Council would like to be able to map product movements within their boundaries showing bad, good or great years and then linking this to the movement directions of the commodities. We know anecdotally this is very much linked to the rainfall and weather patterns, not just within the LGA but regionally and across the state. For example, if it is dry to the north of Moree Plains Shire the grain may head north to feedlots rather than to the ports for export.

Unfortunately strict confidentiality requirements currently prevent Council from obtaining reliable data from other levels of government that would allow a more detailed analysis including mapping of the main freight routes in the Shire. There is no doubt that improvements in data quality and quantity will assist Council in better long term strategic planning for the local transport networks and improve our funding submissions.

Funding Opportunities

The problem seems to be that many local roads do not attract funding from State and Federal governments because the cost benefit ratios do not meet the required level. Many local roads cannot compete with the traffic volumes, population and time savings that many roads in more densely populated parts of our country have. Traffic counts on rural roads can be seasonal, weather affected and determined by the condition of the road in the first place. Funding criteria can also change from year to year. For example the application for "Fixing Country Roads" Round 3 is vastly different to Round 2. This makes it increasingly difficult for councils to plan long-term road improvement projects and to advise their community members, who are reliant on these funding opportunities, which may result in reduced freight costs through time savings and reduced wear and tear to vehicles.

While the highways provide the backbone to the road network and allow for the freight to transport efficiently and effectively across the region, interstate and the country, it must be fed by the local road network at some point and those roads are always the responsibility of Local Government. When considering the freight network priorities it is of the utmost importance that the local road network is considered equally.

Thank you again for the opportunity to provide input into this important inquiry. If you have any questions or require further information or clarification, do not hesitate to contact me.

Yours sincerely



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