

ATTACHMENT TO AGENDA ITEM

Ordinary Meeting

15 August 2017

Agenda Item 9.2	Submission to the Inquiry into National Freight and Supply Chain Priorities Discussion Paper May 2017	
Attachment 1	Submission to the Inquiry into National Freight and Supply Chain Priorities May 2017	175

28 July 2017

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

Via e-mail: mfreightstrategy@infrastructure.gov.au

Dear Sir/Madam

**SUBMISSION TO INQUIRY INTO NATIONAL FREIGHT AND SUPPLY CHAIN
PRIORITIES MAY 2017**

Greater Shepparton City Council (Council) welcomes the opportunity to provide comment on the *Inquiry into National Freight and Supply Chain Priorities Discussion Paper, May 2017*. The comments provided in this submission present the view of Council officers.

The response is set in the context of a summary of existing plans, strategies and reviews, including:

- Introducing Intercity: How Regional Rail can rebalance population growth and create a “state of cities” in Victoria. Rail Futures Institute, 2016;
- Freight Directions in the Hume Region. Hume Regional Development Australia Committee. GHD Pty Ltd, 2012;
- Hume Region Planning for Freight Pilot. MAV, 2013;
- Greater Shepparton Freight and Land Use Study. AECOM Australia Pty Ltd, 2013;
- Greater Shepparton Movement and Place Strategy Challenges and Opportunities Paper. AECOM Australia Pty Ltd, 2016;
- Shepparton Passenger Rail Services Project. GHD Pty Ltd, 2017; and
- Integrated Passenger Rail and Freight Infrastructure Project. John Hearsch Consulting Pty Ltd, 2017.

Council welcomes the opportunity to discuss the matters outlined within this submission further.

Should you have any further queries regarding this matter, please contact Peter Harriott, Chief Executive Officer, via e-mail at peter.harriott@shepparton.vic.gov.au or via telephone on 03 5832 9898.

Yours sincerely

**Cr Dinny Adem
MAYOR**

TRIM: M17/51899

Greater Shepparton City Council
Locked Bag 1000, Shepparton VIC 3632
Central Office: 90 Welsford Street, Shepparton
PH: (03) 5832 9730 Fax: (03) 5831 1987 Email: council@shepparton.vic.gov.au
ABN 59 835 329 843

**SUBMISSION TO INQUIRY INTO NATIONAL FREIGHT AND SUPPLY CHAIN
PRIORITIES MAY 2017**

Transport and efficient freight infrastructure are critical to cater for the projected future population and economic growth of Shepparton, and the wider Goulburn Valley Region.

Greater Shepparton, as the foodbowl of Australia, accounts for 25% of the total value of Victoria's agricultural production and relies heavily on an efficient logistics network in order to be globally competitive.

There are a number of issues in Greater Shepparton which are currently curtailing the potential of the area as an important and growing hub for freight related activity.

The freight task in the region continues to grow with evidence suggesting that this growth is exceeding economic and population growth. Efficient and effective transport movement, particularly for freight, is critical to the ongoing competitiveness of the city, manufacturers and producers, and of the surrounding region.

Shepparton acts as a major point of agglomeration of freight, particularly perishable exports. It generates nationally significant food product for export and acts as a catchment area for the national food bowl.

The success of supply chains from this point is of concern to all levels of government because of the funnelling of so much freight to the Port of Melbourne.

Orchards and small scale horticulture holdings with on-farm coolstores and packing sheds are being used for general merchandise storage and warehousing. Transport activity has now increased as these sites are used for ad hoc buffer storage for manufacturers, as a cheaper option to major consolidated investment at a hub.

The issue is that the roads and the adjoining land uses are not compatible with the increase in the volume of truck traffic. It is considered inefficient to have a scattering of smaller sites creating multiple demands on local roads and multiple impacts on neighbourhoods. Residential and community uses have extended to these areas, so issues of road safety, dust and noise are relevant.

This issue was the impetus for Council becoming involved in Goulburn Valley Freight Logistics Centre (GV Link) intermodal site to the south of Mooroopna, to provide an alternative site for logistics activity to the fragmented sites available for industry.

While sites with good access to the arterial network are available at cheap rates, the commercial appetite for relocation to a purpose-built site is dampened. However, this has resulted in conflict with adjoining land uses and infrastructure not designed for the level of heavy vehicle use. Commitment to GV Link by all levels of government will assist in facilitating the development of this important future freight logistics centre and encourage these types of uses to consolidate in one location.

Council has undertaken a significant amount of strategic work in relation to responding to the growing freight task.

The purpose of this work is to identify and assess relevant industry, freight and land use trends in the Greater Shepparton municipal area and seek to inform infrastructure network planning decision making and prioritisation.

There are a number of issues in Greater Shepparton which are currently curtailing the potential of the area as an important and growing hub for freight related activity. These issues have been identified by a review of existing strategic documents which has been complemented by extensive stakeholder consultation with government and industry.

The various studies and reports have been utilised to advocate to State and Federal Governments for funding of the priority actions.

Council has also sought to understand the high level strategic directions for freight in the Hume Region. This work has identified key elements for further development of the transport network, infrastructure and a framework for the operation of freight and logistics to progress within the region.

The reports have also evaluated freight impacted local road networks and established future strategic freight routes.

This work includes:

- Introducing Intercity: How Regional Rail can rebalance population growth and create a “state of cities” in Victoria. Rail Futures Institute, 2016;
- Freight Directions in the Hume Region. Hume Regional Development Australia Committee. GHD Pty Ltd, 2012;
- Hume Region Planning for Freight Pilot. MAV, 2013;
- Greater Shepparton Freight and Land Use Study. AECOM Australia Pty Ltd, 2013;
- Greater Shepparton Movement and Place Strategy Challenges and Opportunities Paper. AECOM Australia Pty Ltd, 2016;
- Shepparton Passenger Rail Services Project. GHD Pty Ltd, 2017; and
- Integrated Passenger Rail and Freight Infrastructure Project. John Hearsch Consulting Pty Ltd, 2017.

Key issues identified in these documents are:

- Victoria will see unprecedented population growth by 2051, predominantly in Melbourne. However, population growth can be rebalanced towards regional Victoria with investment in infrastructure, facilities and services (Rail Futures Institute, 2016);
- The Hume Region is a key contributor to the National and Victorian economy, providing approximately 25% of Victoria’s agricultural output (GHD Pty Ltd 2012), of which Greater Shepparton produces 30% or \$2,429m per annum (AECOM Australia Pty Ltd, 2013);
- Heavy vehicle volumes on road are predicted to increase substantially over the next 25 years (up by 33-40%) (AECOM Australia Pty Ltd, 2013);
- Truck sizes are predicted to increase from smaller trucks to B-Doubles and larger High Productivity Freight Vehicles (HPFV). These increases are in response to requirements for both higher productivity and for greater efficiency (GHD Pty Ltd, 2012). However, larger dimension vehicles will have an impact on existing roads and will require bridge-strengthening works, in particular; irrigation channel bridges were not designed to cater for such vehicles or increased truck volumes;

- Regional road corridors should be developed, including bypasses (Shepparton and Strathmerton as priorities) around towns, extending duplication of the strategic road network and increase in rest areas (GHD Pty Ltd, 2012);
- Improvements in infrastructure such as road duplication, decoupling locations, rest stops and road maintenance will be required to support this growth (AECOM Australia Pty Ltd, 2013);
- There is a need to review road classifications to identify routes suitable for B-Doubles and HPFV along with routes where truck calming measures improve amenity (AECOM Australia Pty Ltd, 2013);
- Current east-west movement of road freight through the CBD of Shepparton is a cause for concern for efficiency (congestion) and safety reasons (GHD Pty Ltd, 2012) and underpins the requirement for a bypass around Shepparton and urgent need for a second river crossing;
- There is a need to improve the quality and accessibility of rail freight in the Goulburn Valley, including gauge standardisation, connectivity to regional rail tracks to the north west of Melbourne and connection to the Melbourne - Brisbane inland rail route to provide future viable options for heavy and long-distance vehicle freight (AECOM Australia Pty Ltd, 2013 and GHD Pty Ltd, 2012); and
- Many local roads will also require significant upgrade to ensure the efficient movement of freight from source to the arterial road network. Many of these are identified in the Hume Region Planning for Freight Pilot (MAV). The MAV report evaluated freight impacted local road networks and established future strategic freight routes. Greater Shepparton submitted 18 freight network upgrade projects for inclusion in the regional priority list.
- The vast majority of freight is moved by road as there is a lack of feasible and efficient rail options for industry.

Having set out these key issues, the response now addresses a number of specific questions raised in the Inquiry document.

2.1 What is moving where, why and how?

What changes would you like to see to make your supply chain work better?

Greater Shepparton's response calls for:

- improvements to the strategic road network to accommodate HPFV and specifically construction of the GV Highway Shepparton Bypass and improvements to the Shepparton Alternate Route (AECOM Australia Pty Ltd, 2013);
- improvements to rail freight, including construction of a suitably located crossing loop that will allow freight trains to co-exist with the enhanced passenger service and longer term a rail bypass located within the median of the proposed Goulburn Valley Freeway bypass that will pass to the west of the city (GHD Pty Ltd, 2017);
- acknowledgment of the increasing number of heavy vehicles movement carrying hazardous materials such as asbestos, anthrax, etc. and those heavy freight vehicles transporting such goods through the centre of Shepparton;
- construction of GV Link (AECOM Australia Pty Ltd, 2013);
- gauge standardisation in the long term to integrate with improved freight connections from the Murrumbidgee Irrigation Area (MIA) and southern Riverina with links to the Inland Rail Route;

- new passenger rail connections from Wallan via Melbourne Airport to separate passenger rail and freight rail; and
- An action plan to address the emergence of air freight directly from farm gate to Asian markets.

3.2 Port Corridor Pressures - Protecting Land, Sea and Air Connections

Do you face, or expect in the future to face, problems moving your freight through Australian air, land or sea ports?

Greater Shepparton notes the continued importance of access to the Port of Melbourne by both rail and road. Where these links are being constrained within an inner city environment, all levels of government need to consider an appropriate efficient solution to facilitate this movement from productive areas to the port.

In addition, the fees to use the Port Melbourne for freight must remain competitive with other ports in Australia.

3.3 End-to-end supply chain integration and regulation

How effective is your supply chain at transitioning your freight between modes and across boundaries?

Council notes that there is currently a high reliance on road freight (GHD Pty Ltd, 2012); with the existing location of freight activity combined with layout of the road network resulting in high demand for east-west movement through the CBD.

However, the lack of certainty around GV Link (an intermodal freight hub) and government investment in the proposed Shepparton Bypass discourages industry to relocate despite issues with the existing road network including the Shepparton Alternate Route.

The current lack of competitiveness of rail for freight (GHD Pty Ltd, 2012), means that the vast majority of freight continues to be moved by road.

Whilst Council was encouraged to see the commitment from the Federal Government towards Inland Rail as a nation building project, it is however disappointed that it appears the ARTC route is locked in rather than the preferred Foodbowl route.

We continue to advocate for the optimum route rather than cheapest route and it is unfortunate that it appears the latter has prevailed which means a missed opportunity to instigate a real shift from road to rail and a missed opportunity to really provide industry with the opportunity to compete on a global scale.

A freight solution that captures maximum volume on the fastest, shortest route - to truly capitalise on the significant investment in this national building infrastructure is desired. Work undertaken by the Food Bowl Inland Rail Alliance, which represents the Murray Goulburn Valley and Murrumbidgee Irrigation Area within the Riverina, indicated that the demand in tonnage was 1,757,000t compared to the Albury route of 220,000t in 2025.

3.5 Changing Technology

What emerging technological trends do you think will impact on your supply chain?

Council notes;

- the increase in demand for larger vehicles, including B-Doubles, B-Triples, A-Doubles and other HPFV but the need for investment in a road network supports this type of vehicle
- the need to increase efficiency and reduce carbon emissions from freight; and
- the development of driverless vehicles and other smart technology, but as a regional council we do not see this as a major issue for Greater Shepparton in the near to medium future.

When are these impacts likely to be felt and how does Australia's freight infrastructure need to be adapted to make best use of likely changes?

- Increase in vehicle size will require infrastructure changes including:
 - first/ last mile;
 - intersections within the strategic network;
 - bypasses around towns;
 - extending duplication of the strategic road network;
 - increases in rest areas;
 - decoupling locations; and
 - road maintenance.
- These will need to be done with some urgency to respond to industry demand and to avoid delays in roll out of larger vehicles.

4.2 Key Drivers of Change for Use in Scenario Planning

The Inquiry welcomes views on what factors and key drivers of change should be considered in the scenario planning analysis.

Key factors identified in the Hume Region and for Greater Shepparton include:

- The need to move to standard gauge rail lines to improve access, investment and competitiveness for rail freight (GHD Pty Ltd, 2012);
- A strategic approach to regional road corridors should be developed, including further bypasses around towns, extending duplication of the strategic road network, increasing decoupling locations, increasing rest areas and road maintenance (GHD Pty Ltd, 2012 and AECOM Australia Pty Ltd, 2013) in order to improve efficiency and safety of the road network for freight;
- A consistent National approach to heavy vehicle access to the strategic road network should be developed in collaboration with state and local road authorities (GHD 2012) in order to provide an integrated heavy vehicle road network (GHD Pty Ltd, 2012);
- Promote development of the secondary road network to improve amenity, safety and maintenance efficiencies, including across municipal boundaries (GHD Pty Ltd, 2012);
- Support development of a network of regional intermodal facilities to support consolidation of land uses, reduce road traffic use by heavy vehicles and improve freight movement within state and interstate (GHD Pty Ltd, 2012);

- Support long term integrated land use and freight planning to consolidate freight in localities, improve planning outcomes and local amenity, reduce conflict with residential areas and improve freight efficiency (GHD Pty Ltd, 2012); and
- A clear policy should be developed for use of local rail lines, including reopening closed lines where there is sufficient demand in order to provide certainty for industry, increase mode share of rail, reduce carbon emissions and increase amenity and opportunity for economic activity in rural towns and villages (GHD Pty Ltd, 2012).

The Inquiry is also keen to identify key functional elements of supply chains through case studies demonstrating how Australia's freight system is working on the ground, including case studies about things working well, as well as examples of the problems and where improvements can be made. Identification of potential future trends in supply chains would be valuable.

- A number of case studies and views of local, regional and national freight bodies are captured in the *Greater Shepparton Freight and Land Use Study 2013*. It is not intended to reproduce these for the response, but the report can be made available to the Inquiry.

IFIP (Imported Food Inspection Program):

- Currently any import container that arrives in Australia that is to be moved more than 35km from the general post office of Melbourne, has to go through a process known as a rural tailgate inspection. The container is taken to an Australian Quarantine and Inspection Service (AQIS) facility within the Port of Melbourne precinct and the outside of the container is checked and the manifest is checked again. Once that has been signed off, that container can be moved outside that radius. The issue is that the AQIS operating hours are restricted to 7.30am to 3.00pm Monday to Friday, restricting the hours of operations of non-metropolitan carriers;
- Kreskas Bros Transport Pty Ltd in Shepparton has participated in a trial where Kreskas drivers have been trained to partake in quarantine approved facility to carry out rural tailgate inspection and, if no risk is found, the container can then be transported to Kreskas Bros in Shepparton 24 hours a day 7 days a week, which reflects the operations of the Port of Melbourne; and
- Border Force has initiated a Trusted Trader program whereby companies can get reduced inspections and faster clearances through a pre-classification process. If a similar program was in place with suppliers or companies like SPC which allowed self-regulation and auditing, this would reduce the time and resources required for sampling and testing, and increase the competitiveness of the businesses.

4.3 A National Freight Performance Network

The Inquiry is particularly interested in views on the potential need for a national freight performance framework and the likely key indicators.

Given the strategic national, state, regional and local nature of the freight task in Australia, and the need for clarity and agreement on network standards across State boundaries, Council would support the development of a National Freight Performance Framework.

Key indicators should address:

- Network efficiency, including conformity across State boundaries and access to key nodes such as ports and airports;
- Common standards for carbon reduction and vehicle emissions;
- Amenity impacts on communities and residents on freight routes;
- Safety on strategic and local freight routes;
- Maintenance of infrastructure; and
- Proportion of freight moved via rail, air and road nationally.