

31 March 2009

The Chair
NSW Grain Freight Review
Department of Infrastructure, Transport,
Regional Development and Local Government
GPO Box 594
CANBERRA ACT 2601

Dear Mr Powell

NSW Grain Freight Review

Background

NatRoad Ltd recently merged memberships with the Australian Road Train Association. NatRoad Ltd will remain as the company name, however our trading name will now be The National Road Transport Operators Association, incorporating Australian Road Train Association. Our 1300 member companies operate throughout Australia from remote areas utilising road trains through to intra and interstate semi trailer and rigid truck applications, with members ranging in size from owner drivers through to multinational logistics providers, including grain carriers.

Under its Mission Statement, NatRoad is committed to provide leadership, support and development of its members, staff and stakeholders in the road transport industry. It strives to maximise members' long term viability by providing tools, networking opportunities and industry education within the following core values:

- National Uniformity of Regulation;
- Promotion of Safety and Compliance;
- Environmental Sustainability;
- Positive Community Awareness;
- Fair and equitable Industrial Relations framework.

Inquiry

Our basic message from members participating in the area of your inquiry is that road freight transport is capable of expanding its role in the carriage of grain in New South Wales. Since deregulation of the industry and the reduced service offered by Pacific National our members have significantly increased the proportion of grain carried by road to both export and domestic destinations.

Foundation Partners and Partners



NatRoad Supporters

HWL Ebsworth Lawyers – MTData – Transport Industry Superannuation Fund
Member of Australian Trucking Association

We believe that this expanded role will be necessary and productive as government recognises that underutilised grain rail lines cannot be afforded, especially in current economic circumstances. A recent example of the NSW Government's response is the announcement in its Mini Budget last November of the closing of up to five grain branch lines. Many of the grain receival facilities along these old branch lines have not been upgraded and are now not capable of handling the rate of intake from the latest harvesters. Grain handling companies and rail operators are offering farmers incentives to deliver to bigger and newer sites on main lines. B-Triples and AB-Triples have a role in the efficient accumulation to such sites.

It is anticipated that more grain branch lines are to close in NSW. When similar lines were closed in Victoria, our members advised they were able to transport the additional grain previously carried by rail.

After the abolition of the single desk arrangement for bulk wheat export, the wheat industry requires more flexibility with the transport of grain, which road transport can provide with timing and route selection. As many as 23 companies now have export licences. Farmers are now very much involved in the marketing of their grain and providing many more segregations as a way of value adding, rather than the tradition of all bulk quantities. On farm storage is increasing and is always off rail. As a consequence more direct delivery by road to port will take place. It is generally uneconomic to change mode from road to rail under 300-400k.

To reduce the number of grain truck movements the introduction of B-Triples direct to port terminals needs to be evaluated as an efficient and safe option.

As mentioned, our members involved in grain cartage believe that the trucking industry can take up additional capacity requirements. They are monitoring their situation and that of their industry generally, and are confident of the industry's preparedness for this task.

This readiness is in spite of the economic downturn, although reducing the availability of return loads from ports, which often used to be available.

With route selection, trucks should avoid town centres through bypasses, which should be available where possible. In any event, we do not believe it will add substantially to congestion.

Example of Extensive Use of Trucks

A recent example of the extensive use of trucks for grain transport is from ABB Grain, where loading was completed at its Port Lincoln terminal of what is believed to be Australia's largest-ever single shipment of canola, following the berthing of the 229-metre long 'Baby Cape' vessel, the *Stalo*.

ABB advised that 40,000 tonnes was accumulated from across ABB's peninsula sites in just 12 days which resulted in more than 600 road train loads coming into ABB's terminal besides 120 wagons of the oilseed by rail.

The shipment was so substantial the oilseed has been stored across two blocks within ABB's Port Lincoln terminal, taking up 38 different silo cells in preparation for loading.

Member's Comments

A member has provided us with the following opinion about review issues:

1. Impact of the removal of the Single Desk and as a consequence:
 - a. expected fragmentation of storage facilities and the requirement for transport operators to move grain to a wider storage network
 - b. expected increase in demand for access to port facilities for grain export and the resultant congestion; delays; increased road access issues

2. Issues associated with securing appropriate levels of remuneration for grain freight particularly if the grain storage network is even more fragmented as the potential for other industry and infrastructure to exist alongside grain freight locations impacts the potential to secure return freight
3. Issues associated with moving the higher pay loads of grain freight
 - a. Large amounts of grain freight commences or ends its journey in isolated locations that require local government approval for Higher Mass Limits
 - b. Large amounts of grain freight travels on the Regional Roads network that has large numbers of bridges and culverts that do not meet the engineering requirements for Higher Mass Limits
4. Potential for the transport industry to even move grain freight should a bumper harvest occur as over the past 10 years traditional freight transport companies have had to diversify to survive the ongoing drought – from an economic perspective do these operators want to return to grain freight as their primary source of freight?
5. Accreditation requirements within the transport industry have ensured a quality approach to operations, however the consequence has been a diminishment of the existing smaller 'one-man' operations and a significant reduction in the number of new transport operations starting up – is there/will there be sufficient operators to manage the freight.

This member also made the point that if his company knew that grain rails were to be closed, it would certainly be in a position to take over grain carriage, as consistency would be provided.

If you agreed, we believe that it would be useful to meet with you with some of our members so you could hear their views. The grain freight business is undergoing major change as a result of deregulation with a new set of demands the old system is not capable of servicing. A lot emotion is attached to rail but the reality is regional areas will not support both a good rail as well as the essential road network. We could elaborate on issues such as substituting rail carriage of grain by road transport, and the suitability of infrastructure.

Please contact us if you would like further information.

Yours faithfully



Bernard Belacic
CEO