

## Intermodal Facilities

- 6.1 The Committee began this inquiry with the expectation that there would be a strong trend to the development of intermodal hubs in regional areas. It came as a surprise when the evidence revealed a trend towards urban hubs. Consequently, the Committee examined a variety of hub locations to best assess how to achieve greater efficiency in the freight transport network.
- 6.2 An intermodal facility is any site or facility along the supply chain that contributes to an intermodal movement by providing efficient transfer of goods from one mode of transport to another. Facilities may range from transfer points that provide a limited set of services, to purpose-built terminals or hubs, designed for transfers, storage, distribution and a host of associated services:<sup>1</sup>
- The intermodal terminal is where the commercial and operational needs of many parties to an individual cargo movement come together.<sup>2</sup>
- 6.3 An Australia-wide survey conducted by Meyrick and Associates in 2002, identified 93 intermodal sites (17 transfer points and 76 terminals). These sites generated \$200 million in revenue that year. However, it is their strategic value as a component of transport networks that make consideration of Intermodal Terminals (IMTs) an essential part of this inquiry.<sup>3</sup>

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1 Department of Transport and Regional Services, Submission 103, p.7.

2 Latrobe City Council, Submission 58, p.4.

3 Department of Transport and Regional Services, Submission 103, p.7.

- 6.4 In recognition of this strategic importance, DOTARS commissioned the *National Intermodal Terminal Study*. Previously, there was only limited information documented on IMTs and their connectivity with transport networks.<sup>4</sup> There is now wide recognition that:

...intermodal terminals play a pivotal role in the supply chains of Australia's exports, imports and interstate cargo.<sup>5</sup>

- 6.5 The possibility was raised by Railway Project Engineering that emerging technology<sup>6</sup> could lead to a fundamental reassessment of national IMT needs. However, evidence to the Committee indicated that IMT development is now accepted as one of the routine infrastructure improvement tasks required to support freight transport networks.<sup>7</sup>

### Significance of IMTs

- 6.6 The intermodal sector consists of two subsystems; one servicing import and export (port oriented) movements and the other supporting interstate freight movements. In many ways these operations are independent of each other, but some terminals cater to both port-oriented and domestic movements.<sup>8</sup>
- 6.7 Intermodal terminal facilities are likely to be one of the areas most affected by growth in the freight task in urban areas.<sup>9</sup> The National Transport Commission acknowledged that:

While the demand on the interstate corridors is growing it is really at the hub points where increased freight will be seen as an issue.<sup>10</sup>

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4 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.1.

5 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.3.

6 Railway Project Engineering, Submission 11, p. 1. The submission discusses the railway wagon underframe and/or road vehicle chassis that can be used to support containers, which enable the containers to be lifted from ground level and facilitate an easier transfer of containers between the transport modes.

7 National Transport Commission, *"Twice the Task" A Review of Australia's freight transport tasks*, Sinclair Knight Merz Pty Ltd and Meyrick and Associates, February 2006, p.100.

8 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.ii.

9 National Transport Commission, *"Twice the Task" A Review of Australia's freight transport tasks*, Sinclair Knight Merz Pty Ltd and Meyrick and Associates, February 2006, p.2.

10 National Transport Commission, *"Twice the Task" A Review of Australia's freight transport tasks*, Sinclair Knight Merz Pty Ltd and Meyrick and Associates, February 2006, p.87.

- 6.8 When considering growth predictions for container movements through the ports, it is essential to take into account:
- ...that in general each twenty foot equivalent unit (TEU) ... implies two TEU of intermodal terminal capacity: one at the port end of the journey and one at the remote end. The 1.25 million TEU through the port of Sydney, for example, will require a total of 2.50 million TEU/year in intermodal capacity.<sup>11</sup>
- 6.9 The Logistics Manager for Fremantle Ports, suggested that hubs will assist states' plans to increase rail's share of the freight task by introducing a "...further step of handling and transfer into the road transport function", which was previously considered the most direct route from port or exporter to importer.<sup>12</sup>
- 6.10 Freight Link made the point that:
- Hubs become more important when there is more volume on rail. That is pretty much how North America works. You use hubs not only to unload trains at terminals but also to cut off half the train and replace it with another half that is going to a different point.<sup>13</sup>
- 6.11 In the *National Intermodal Terminal Study*, an IMT of national significance is defined as "...a facility at which in excess of 10,000 TEUs per year (or the equivalent of general cargo) was transferred between road and rail, or between rail and a seaport terminal".<sup>14</sup>
- 6.12 The Australian Government recognises that efficient intermodal facilities are an important component of the overall effectiveness of regional transport services.<sup>15</sup> Ernst and Young, in the *North-South Rail Corridor Study*, commented that if key intermodal facilities are not operating efficiently, this would actually negate gains made from improving infrastructure along the corridor.<sup>16</sup>
- 6.13 The Chairman of the Australian Logistics Council (ALC) has called for greater development of intermodal facilities, at which freight can
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11 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.62.

12 Fremantle Ports, Transcript, 10 March 2006, Perth, p.37.

13 Freight Link, Transcript, 14 June 2006, Canberra, p.20.

14 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.i.

15 Department of Transport and Regional Services, Submission 103, p.20.

16 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.9.

be unloaded and then distributed, irrespective of whether freight movements are by road or rail.<sup>17</sup>

### Benefits

- 6.14 An efficiently functioning IMT will increase modal options for freight movements. The Australian Chamber of Commerce and Industry suggested that this increase in modal choice may reduce freight rates as more competition enters the industry.<sup>18</sup>
- 6.15 IMTs will play a crucial role in road to road interchange activities. Facilities can act as staging posts to improve the predictability of pick-up and delivery times. This should help to address the difficulties that road transport faces in coordinating clients' opening hours and routes, in particular for long distance freight movements.<sup>19</sup>
- 6.16 Hubs can help to address congestion and the wear and tear on city roads. The ALC envisions change in the vehicle mix as a key impact of strategically located IMTs:
- The larger vehicles will travel between urban centres and from manufacturing through to the distribution centres and then smaller distribution trucks will move in and out of the cities.<sup>20</sup>
- 6.17 Environmental benefits can also be derived through reductions in greenhouse gases, as the number of semi-trailers moving single cargoes is reduced and rail options are taken up. Hubs located in regional centres can also help benefit local economies through job creation and growth in associated industries, such as the construction, housing, commercial and retail sectors.<sup>21</sup>

### Performance issues

- 6.18 Despite the reportedly lower performance of Australian IMTs against the standards in other countries, overall terminal performance "...has been assessed as fair to good from a user's perspective, and as good to excellent from an operator's perspective".<sup>22</sup>

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17 Australian Logistics Council, Transcript, 13 September 2006, Canberra, p.6.

18 Australian Chamber of Commerce and Industry, Submission 57, p.21.

19 Meyrick and Associates, Submission 190, p.3.

20 Australian Logistics Council, Transcript, 13 September 2006, Canberra, p.7.

21 Glen Innes Section 335 Transport Committee, Submission 87, pp.5-6 and City of Albany, Transcript, 8 March 2006, Albany, p.48.

22 Department of Transport and Regional Services, Submission 103, pp.8-9.

6.19 However, Latrobe City Council claimed that intermodal terminals are:

...often regarded by transport practitioners as the weakest link in the supply chain ... because it is the location where cargo damage is most likely to occur and where lack of planning will expose weakness in inter-company communications and scheduling coordination.<sup>23</sup>

6.20 The National Transport Commission stressed that:

Performance is frequently determined by weak points in a network, and weak links. Lack of targeted investment in the most important areas and projects to comprise these networks and links can have major impact.<sup>24</sup>

6.21 A poorly performing intermodal hub will impede the operation of freight transport networks in that region and may impact more widely on the efficient operation of particular supply chains. Therefore, it is vital to address constraints on hub operations and development; they have an important role to play in the development of strategies to optimise the use of all transport modes, and better manage the growing freight task.<sup>25</sup>

6.22 The Committee was pleased to note:

Operators of intermodal terminals are reportedly addressing performance issues with both hard and soft infrastructure investments, particularly in response to pressures from major users.<sup>26</sup>

6.23 However, it is also important to consider Meyrick and Associates' view, that failure to develop effective new intermodal facilities as part of the national transport network will be costly.<sup>27</sup>

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23 Latrobe City Council, Submission 58, p.4.

24 National Transport Commission, *"Twice the Task" A Review of Australia's freight transport tasks*, Sinclair Knight Merz Pty Ltd and Meyrick and Associates, February 2006, p.132.

25 National Transport Commission, *"Twice the Task" A Review of Australia's freight transport tasks*, Sinclair Knight Merz Pty Ltd and Meyrick and Associates, February 2006, pp.109-110.

26 Department of Transport and Regional Services, Submission 103, p.10.

27 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.12.

## Viabile terminals

6.24 As government and industry recognise the potential of intermodal facilities to enhance freight logistics performance, interest in developing hubs has increased significantly.<sup>28</sup> The reality, however, is that not all hub proposals will be feasible. Efforts and investment that are not part of a coordinated logistics strategy may be futile endeavours. DOTARS commented that:

...on the basis of efficiency and financial sustainability, not every town or regional city should or can be a national intermodal freight hub.<sup>29</sup>

6.25 Similarly, the New England North West Area Consultative Committee observed:

Over the last five to 10 years, substantial public and private investment has been made in the development of intermodal terminals, with many regional councils and businesses establishing an erroneous belief that such infrastructure is integral to the improvement of transport links within a region.<sup>30</sup>

6.26 As the appeal of regional hubs grows, there are many examples of unsuitable and unsustainable proposed developments. In Western Australia for example, an assessment of the feasibility of setting up an inland freight terminal at the Mirambeena Industrial Estate, revealed that it was not an economic proposition. For instance, it could not supplement its proposed blue gum chip movements with grain, as the latter's rail movements through the area were already in place.<sup>31</sup>

6.27 In the Northern Territory, the notion of moving freight from Darwin to the Southern States via a Kununurra hub may not be practical. The volumes on the network may not warrant it, and it could mean extra handling costs and time lags.<sup>32</sup>

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28 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.13.

29 Department of Transport and Regional Services, Submission 103, p.16.

30 New England North West Area Consultative Committee, Submission 159, Attachment 1, p.5.

31 Great Southern Timber Industry Road Evaluation Strategy Group and Albany Plantation Export Company, Transcript, 8 March 2006, Albany, p.25.

32 Mr Goed, Transcript, 27 September 2005, Darwin, p.81.

In another example, from the point of view of bulk commodity producer, Portman Ltd, stopping at a hub proposed 14 km from Esperance would be an unnecessary and costly interruption in getting the iron ore to the Port.<sup>33</sup>

6.28 Cases like these show that the introduction of a hub into a supply chain may not always be appropriate. WestNet Rail said that:

...the last thing we want is to have our industries, particularly our developing industries, burdened by higher logistics costs.<sup>34</sup>

6.29 One of the recommended measures in the *Twice the Task* report supports research to determine the necessary conditions for a successful intermodal terminal.<sup>35</sup> Reliable information in this area is crucial, to temper the enthusiasm with which many regions across Australia embrace the idea of establishing a regional hub.

6.30 Some worthwhile information on the necessary characteristics of sustainable IMTs is already available. For example, Meyrick and Associates identified factors that are increasingly common in intermodal design:

- positioning the rail siding, spur or loop so that it is capable of accessing nearby warehousing and distribution facilities
- having facilities for storage and handling of perishable goods
- co-locating road-to-road cross-docking activities to facilitate the dispatching of consignments into smaller loads for local delivery
- co-locating at the site, train support functions such as wagon storage, fuel, and maintenance, cleaning and crew facilities
- providing customer support services that reduce cargo handling and increase supply chain efficiency.<sup>36</sup>

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33 Portman Ltd, Transcript, 9 March 2006, Esperance, p.51.

34 City of Albany, Transcript, 8 March 2006, Albany, p.48.

35 National Transport Commission, "*Twice the Task*" A Review of Australia's freight transport tasks, Sinclair Knight Merz Pty Ltd and Meyrick and Associates, February 2006, pp.109-110.

36 Meyrick and Associates, Submission 190, p.2.

6.31 Six key criteria<sup>37</sup> to assess the sustainability of regional intermodal terminals have been identified in recent studies as:

...volume; distance; investment in site; seasonality (back up freight options if moving seasonal freight); competition with other supply chains (needs to offer competitive advantage for users over other supply chain options); economic and social impacts.<sup>38</sup>

6.32 The Committee also received valuable information from a number of witnesses, on key determinants of IMT success. Based on this evidence, it concluded that if an intermodal facility satisfies certain key criteria, it is likely that it will be a successful and sustainable enterprise. The Committee believes that an IMT should:

- have sufficient *volume*: an annual throughput of at least 10,000 TEUs, but ideally 15,000 to 20,000 TEUs, to realise a profit;<sup>39</sup>
- be *located strategically* in a catchment area that will provide adequate volumes, but not in proximity to other facilities to saturate the IMT market.<sup>40</sup> However, the relative scarcity of land for hub expansions and new developments is often a major challenge, especially in metropolitan areas. Ultimately, the availability – or otherwise – of land will be a principal determinant of hub location;
- operate as a business entity and provide adequate financial returns to attract private *investment* and operators;<sup>41</sup>
- have appropriate *access* arrangements – possibly multi-user access – to maximise its contribution to freight movement efficiencies;<sup>42</sup>
- have complementary freight sources, so it is not entirely reliant on cargoes that may be of a *seasonal* nature;<sup>43</sup>

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37 These criteria have been translated into an *Intermodal terminal viability checklist*. Sea Freight Council of NSW:  
[http://www.freightcouncils.com.au/downloads/Developing\\_Freight\\_Hubs.pdf](http://www.freightcouncils.com.au/downloads/Developing_Freight_Hubs.pdf), accessed 18 September 2006.

38 New England North West Area Consultative Committee, Submission 159, Attachment 1, p.5.

39 Southern Distribution Business Park, Exhibit 37, p.3.

40 Department of Transport and Regional Services, Transcript, 17 August 2005, Canberra, p.3 and Wingecarribee Shire Council, Submission 176, p.5.

41 South West Development Commission, Transcript, 7 March 2006, Bunbury, p.15.

42 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.31, Riverina Eastern Regional Organisation of Councils, Submission 92, p.4 and Australian Rail Track Corporation, Submission 68, pp.11-12.



- address *community amenity* and *environmental issues* by going beyond minimising negative impacts – such as noise levels, traffic congestion and environmental issues – and facilitate positive benefits such as job creation and other economic and social development;<sup>44</sup>
- add to core terminal functions, storage, distribution and a range of associated *value-adding* services:<sup>45</sup>

What makes major hubs work is accumulating as much logistics and distribution activity as you can in the immediate proximity of your intermodal terminal.<sup>46</sup>; and

- have efficient *connections to transport networks* and ports.<sup>47</sup>

## Empty Containers

6.33 The Australian freight transport industry moves significant numbers of empty containers, which also require a lot of storage space. Unfortunately, this issue is not always addressed as part of logistics planning.<sup>48</sup> Shipping Australia warns that:

...the repositioning of empty containers is an integral part of the efficient function of the through transport chain and serious disruption will occur if this is not managed properly.<sup>49</sup>

6.34 The Australian Rail Track Corporation observed:

There are 100,000 empty containers sitting around Sydney that are taking up space that could be used for other activities. It has major interest for Melbourne, and we are starting to think about how we can try to do that in a positive way. It obviously has significant interest in Queensland. QR

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43 P&O Ports Limited, Submission 54, p.4.

44 Southern Distribution Business Park, Exhibit 37, p.3 and Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.32.

45 NSW Department of Planning:  
[http://www.planning.nsw.gov.au/plansforaction/pdf/fiab\\_report.pdf](http://www.planning.nsw.gov.au/plansforaction/pdf/fiab_report.pdf), accessed 3 November 2006.

46 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.3.

47 Freight Link, Transcript, 14 June 2006, Canberra, p. 20. See also NSW Department of Planning, [http://www.planning.nsw.gov.au/plansforaction/pdf/fiab\\_report.pdf](http://www.planning.nsw.gov.au/plansforaction/pdf/fiab_report.pdf), accessed 3 November 2006.

48 National Transport Commission, Transcript, 13 September 2006, Canberra, p.9.

49 Shipping Australia, Submission 49, p.8.

and others have been coming down and looking at the method of approach. But it requires all the parties to be motivated.<sup>50</sup>

6.35 There is growing awareness of the value of addressing empty container issues as part of IMT planning.<sup>51</sup> Intermodal hubs have a role to play in facilitating exchange and storage of empty containers. The *National Intermodal Terminal Study* found that empty container storage is one of the key value-adding activities crucial to IMT viability.<sup>52</sup>

6.36 Fremantle Ports argued that IMTs can take pressure off ports, allowing:

...containers that have been emptied, if you like, by the importer to be de-hired back to that point rather than being brought all the way back into the port. Equally an exporter can then access a box at that inland point rather than having to come into the port to actually pick up an empty box.<sup>53</sup>

6.37 In some regional areas, rather than dealing with high volumes of empty containers, the export demand for containers is much higher than the number of containers made available by imports to the area. For example, Fremantle exporters are paying for a round trip journey; empty containers in and containers with exports out.<sup>54</sup> Tasmanian shippers are also adversely affected because Tasmanian Freight Subsidies do not cover the backhaul of empty containers.<sup>55</sup>

6.38 The availability of empty containers may be a factor in the current preference for metropolitan IMTs. In its submission, the Australian Wheat Board stated:

Presently it is very expensive and difficult to locate and transport empty food grade containers to upcountry locations for packing. It is much easier to locate and pack these in a metropolitan or port location.<sup>56</sup>

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50 Australian Rail Track Corporation, Transcript, 1 March 2006, Canberra, p.13.

51 For example, Esperance Port Authority, Transcript, 9 March 2006, Esperance, p.17.

52 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.10.

53 Fremantle Ports, Transcript, 10 March 2006, Perth, p.37.

54 South West Development Commission, Transcript, 7 March 2006, Bunbury, p.16.

55 Productivity Commission, *Tasmanian Freight Subsidy Arrangements*, Draft report, September 2006, pp.75-76.

56 Australian Wheat Board, Submission 97, p.28.

- 6.39 In fact, Shipping Australia considers “...the ability to efficiently deliver empty containers in large volumes to the port at relatively short notice”, as one of the criteria for an effective metropolitan hub.<sup>57</sup> In Sydney, for example, 85 per cent of containers are packed or unpacked within 40 km of Port Botany.<sup>58</sup>
- 6.40 Shipping Australia said that more and more imported containers are the 40-foot size. Australian exporters, on the other hand, prefer to use the 20-foot size. The result of this imbalance is an expensive process of storing and re-exporting empty 40-foot containers.<sup>59</sup> Shipping Australia suggested that as the international standardisation to 40-foot containers proceeds, it may help address excess container issues. However, Australia must deal with the problem of the need for higher road weight limits, before that can happen on a wide scale.<sup>60</sup>
- 6.41 Developments in intelligent tracking technology may help to improve the coordination of empty container movements. For example, the Victorian Government’s Smart Freight initiative includes a Container Triangulation module, which involves collecting information from Importers and Exporters on the availability of, and demand for, empty containers. This information could then be shared so that empty container movements coincide with export demand.<sup>61</sup>
- 6.42 It is clear that Australia must have a national plan for the uptake of 40-foot containers. Axle-load restrictions in NSW and urban congestion issues militate against road movement.
- 6.43 The Committee is of the strong view that intermodal hubs, connected to dedicated freight lines, offer the only viable way to manage this challenge in the short to medium term.

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57 Shipping Australia, Submission 49, p.8.

58 New South Wales Government, *Railing Port Botany’s Containers: Proposals to Ease Pressure on Sydney’s Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.14.

59 For example, half of Sydney’s container exports are empty containers.

60 Shipping Australia, Transcript, 21 November 2005, Sydney, pp.54 and 58.

61 Victorian Department of Infrastructure, <http://www.doi.vic.gov.au/DOI/Internet/Freight.nsf/AllDocs/A336F278D410B711CA257035001DAD48?OpenDocument#3>, accessed 1 May 2007. Also mentioned in the discussion of intelligent tracking technology in Chapter 10.

**Recommendation 13**

- 6.44 **The Committee recommends that the Australian Government investigate the most efficient method of storing and distributing empty cargo containers.**

**Recommendation 14**

- 6.45 **The Committee recommends that the Minister instruct the Department of Transport and Regional Services to undertake a timely strategy for the movement, unloading and storage of 40-foot containers, as an integral part of the transport freight task, in line with world trends.**

**Planning**

- 6.46 The best strategy to employ to satisfy many of the criteria for IMT success is the use of effective planning mechanisms. The intermodal terminal sector is fragmented. The AusLink White Paper released in June 2002 noted:

... industry and government concerns about the intermodal terminals sector. The location of intermodal freight facilities, in both urban and regional areas, was seen as largely ad hoc. It was concluded that all levels of government and industry would benefit from a better framework for planning and promoting intermodal terminals.<sup>62</sup>

- 6.47 Four years later, DOTARS commented that:

...major users and the activities of the major logistics operators are driving greater integration and better specialisation in some circumstances.<sup>63</sup>

- 6.48 However, it is arguable that, to some extent, competition legislation is an impediment to supply chain collaboration. The Hunter Valley Coal Chain arrangement – recognised as a success story in supply chain management and optimisation (at least until recent events) – required special permission from the ACCC. The Australian Logistics Council, therefore asserted that:

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62 Department of Transport and Regional Services, Submission 103, p.9.

63 Department of Transport and Regional Services, Submission 103, p.7.

The challenges of developing a similar level of collaboration in more complex and fragmented supply chains, such as intermodal container movements, are immense. Additionally, finding ways to meet these challenges will require a long process of systematic engagement between government and industry.<sup>64</sup>

6.49 DOTARS aims to achieve a more coordinated planning approach with the States in the future, in an effort to avoid some of the difficulties facing current and potential IMTs and the intermodal hub industry.<sup>65</sup>

6.50 A co-operative approach to planning should address such problems as the ad hoc placement of IMTs. Ad hoc decisions can lead to inappropriate location of terminals and having too many terminals in a catchment area. This, if it occurs, threatens the viability of all terminals in that region.

6.51 At the planning stage, it is important to carefully consider and match the expected freight throughput with the (planned) capacity, if an IMT is to adequately support its connecting transport network.<sup>66</sup>

6.52 DOTARS maintained that:

...there is an opportunity to adopt a properly planned system where intermodal terminals develop around a few major confluences of highways and rail lines.<sup>67</sup>

6.53 It also suggested that:

...a more predictable planning process might encourage increased investment in existing and new facilities.<sup>68</sup>

6.54 Planning is crucial, since the outcome of the process "...is not only the identification of needed infrastructure but also the financing arrangements":<sup>69</sup>

Strategic development of suitable sites would ensure maximum returns for both public sector funding and private sector investment. It would also allow the planned

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64 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.18.

65 Department of Transport and Regional Services, Transcript, 17 August 2005, Canberra, p.6.

66 Latrobe City Council, Submission 58, p.4.

67 Department of Transport and Regional Services, Submission 103, p.15.

68 Department of Transport and Regional Services, Submission 103, p.9.

69 Parkes Shire Council, Submission 28, p.10.

development of sites away from major infrastructure, community and environmental conflict.<sup>70</sup>

- 6.55 Corridor strategies must also take into account availability of land and access issues:

Available land and proper transport planning will be important to ensure that future increases in intermodal capacity necessary to support the development of the Corridor are achievable in the period 2009-2014.<sup>71</sup>

- 6.56 The NSW Government commented on the need for:

Substantial improvements in the efficiency/organisation of freight services, in particular the coordination of activities by participants in the freight chain. For example... more efficient operating protocols and configuration for intermodal terminals that will allow loading/unloading and [receipt] of up to 600m container trains clear of running lines.<sup>72</sup>

- 6.57 The Committee noted with concern, that in some cases terminal capacity improvements and the timing of projects are being considered independently of rail corridor development options. The expectation seems to be, that the cost and timing of IMT improvements will be an issue for terminal providers and operators alone.<sup>73</sup>

- 6.58 Meyrick and Associates indicated:

...that the role for industry in developing intermodal terminals for surface transport is well defined.<sup>74</sup>

- 6.59 Industry driven IMT development is crucial. P&O Ports, for example, plans to be an increasingly active participant in the development of intermodal operations.<sup>75</sup> The City of Albury observed:

Those social and environmental benefits that you can get from an intermodal hub obviously can balance with the economic ones as well. That is something we believe industry

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70 Department of Transport and Regional Services, Submission 103, p.15.

71 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.4.

72 New South Wales Government, Submission 96, p.12.

73 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.10.

74 Department of Transport and Regional Services, Submission 103, p.15.

75 P&O Ports Limited, Submission 54, p.1.

should drive, because industry at the end of the day will be the ones that will be beneficiaries of it.<sup>76</sup>

- 6.60 P&O Ports explained the importance of integrating the transport corridors into the planning process:

I would give an absolute priority to establishing rail paths for strategically located intermodal rail facilities to take the congestion away from the cities. They would have to have rail paths and be given priority, if necessary, over some of the passenger services. Then you could take existing infrastructure and make it work much, much better than it works today.<sup>77</sup>

- 6.61 The Committee recognised that the AusLink integrated network approach should enable better planning for intermodal facilities. Under this arrangement, existing and proposed sites can be examined and prioritised within the context of the national network.
- 6.62 Funding has been provided for a number of intermodal and related infrastructure projects in the AusLink first National Plan, covering 2004–05 to 2008–09.<sup>78</sup> This includes improvements to intermodal facilities in Sydney, Melbourne, Adelaide and Perth.<sup>79</sup> Government investment based on AusLink priorities, will also serve as a guide to the private sector.
- 6.63 Intermodal facilities cannot be considered in isolation. For example, in the case of the Sydney region, even if the major Enfield development is completed, the Sea Freight Council argued that there will still be a capacity shortfall of 150,000 TEUs, as container movements through the State's ports grow to 2.8 million by 2020.<sup>80</sup>
- 6.64 It is vital that the merits of each (proposed) facility be considered within the context of wider sector operations, and regional and national network requirements. Therefore, any investment in terminal construction and infrastructure should be prioritised in this way.

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76 City of Albany, Transcript, 8 March 2006, Albany, p.43.

77 P&O Ports Limited, Transcript, 21 November 2005, Sydney, p.31.

78 For information see AusLink, <http://www.auslink.gov.au>.

79 The Chartered Institute of Logistics and Transport (ACT and SE NSW), Submission 64, p.12.

80 Supply Chain Review, <http://www.chainmail.com.au/old/index.cfm?storyid=29069&li=displaystory>, accessed 20 December 2006.

**Recommendation 15**

- 6.65 The Committee recommends that the Australian Government ensure that intermodal facility planning is given high priority in the AusLink Corridor Strategies. This planning should include consideration of financing options for IMT developments and upgrades, and, where necessary, the provision of targeted funding for essential projects.

**Recommendation 16**

- 6.66 The Committee recommends that, within AusLink, a guaranteed pool of funding for intermodal facilities is made available annually, on an ongoing basis, to leverage IMT developments, not only in parallel with other road and rail developments and upgrades, but as an integral part of them.

**National intermodal priorities**

- 6.67 The *National Intermodal Terminal Study* and the Australian Logistics Council's *Infrastructure Action Agenda 2006*, outline Australia's existing facilities, capacity constraints and proposals for new terminals. In addition, the growing interest in IMTs throughout Australia has generated numerous regional, local and hub specific studies.
- 6.68 There is no need for the Committee to replicate these substantive reports by a discussion of all existing facilities or proposals. Instead, the Committee has focused on national intermodal priorities, areas in which there are immediate constraint problems, and areas where the greatest growth in freight demand is anticipated.
- 6.69 The *National Intermodal Terminal Study* found that demand for intermodal terminals will be driven by the level of container trade passing through Australian ports, the increasing non-bulk freight demands on the North-South and East-West freight routes, and trade volumes across Bass Strait.<sup>81</sup>

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81 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p. 54.



- 6.70 Many submissions to the Committee presented cases supporting particular projects or proposals for new hubs in their regions.<sup>82</sup> However, existing hubs, proposed expansions and new developments along these routes, all need to be assessed against the criteria for a viable intermodal facility.<sup>83</sup> The Committee focused on IMT development or expansion projects that could potentially provide the greatest benefits to the capacity of transport networks.
- 6.71 The priorities assigned to specific terminal proposals will be influenced by other significant developments in transport network arrangements. In particular, the route selected for the proposed North-South inland rail, and the timing of its construction, will influence development and expansion opportunities for IMTs in the adjacent regions.
- 6.72 When considering proposed new developments or expansions to existing facilities, P&O Ports argued that:
- ...the market will be provided with more efficient and lower cost services through the increasing utilisation of the potential capacity of the existing container terminals rather than through the development of additional facilities that will only lead to deferral in the introduction of progressive (automated) technology.<sup>84</sup>
- 6.73 However, the Latrobe City Council observed that altering the capacity of existing terminals will often involve considerable cost and disruption to services.<sup>85</sup>
- 6.74 These views are illustrative of many brownfield versus greenfield development debates. However, the Committee felt that there was no practical value in pursuing these generalisations; the case for any IMT project must be considered individually, based on its potential to contribute to the efficiency of freight movements in the region and on wider transport networks.
- 6.75 Where such a case is made, the Australian Government should leverage the involvement of State, local government and/or private industry, with an appropriate contribution.

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82 For example, Glen Innes Section 335 Transport Committee, Submission 87, p.5.

83 See Sea Freight Council of NSW, [http://www.freightcouncils.com.au/downloads/Developing\\_Freight\\_Hubs.pdf](http://www.freightcouncils.com.au/downloads/Developing_Freight_Hubs.pdf).

84 P&O Ports Limited, Submission 54, p.5.

85 Latrobe City Council, Submission 58, p.4.

- 6.76 The Committee noted the Australian Government's five year, \$550 million commitment, under the AusLink program, for improvements to rail and intermodal facilities in Sydney, Melbourne, Adelaide and Perth.<sup>86</sup>
- 6.77 Although the Committee found a strong case for this in the Sydney, Melbourne, Perth and Brisbane basins, it believes that a proportionate amount should be allocated to inland locations.

### North-South corridor

6.78 The major intermodal facilities for the North-South corridor are located in Sydney, Melbourne and Brisbane. Unfortunately, evidence indicates that freight movements through Sydney, Brisbane and Melbourne hubs will become more difficult as freight demand continues to grow. Issues constraining these facilities include: sizes and configurations that restrict the access of longer trains; height restrictions preventing double stacking; operating curfews due to proximity to residential areas; and poor rail connections.<sup>87</sup>

6.79 The ARTC commented:

If I were doing a prioritisation of intermodal hubs on a national basis, I would say we have a major crisis in Brisbane, Sydney and Melbourne. I do not think people realise the catastrophic framework of intermodal hub problems for Sydney, Brisbane and Melbourne that they are going to come across in the next 10 years.<sup>88</sup>

### New South Wales

6.80 To achieve the New South Wales Government's target of 40 per cent of container movements by rail by 2011, an effective IMT network is essential.<sup>89</sup> NSW currently has a network of regional intermodal terminals that has contributed to freight logistics efficiencies in the State.<sup>90</sup> However, with the growing freight demand, there is still

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86 The Chartered Institute of Logistics and Transport (ACT and SE NSW Section), Submission 64, p.5.

87 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.9.

88 Australian Rail Track Corporation, Transcript, 1 March 2006, Canberra, p.16.

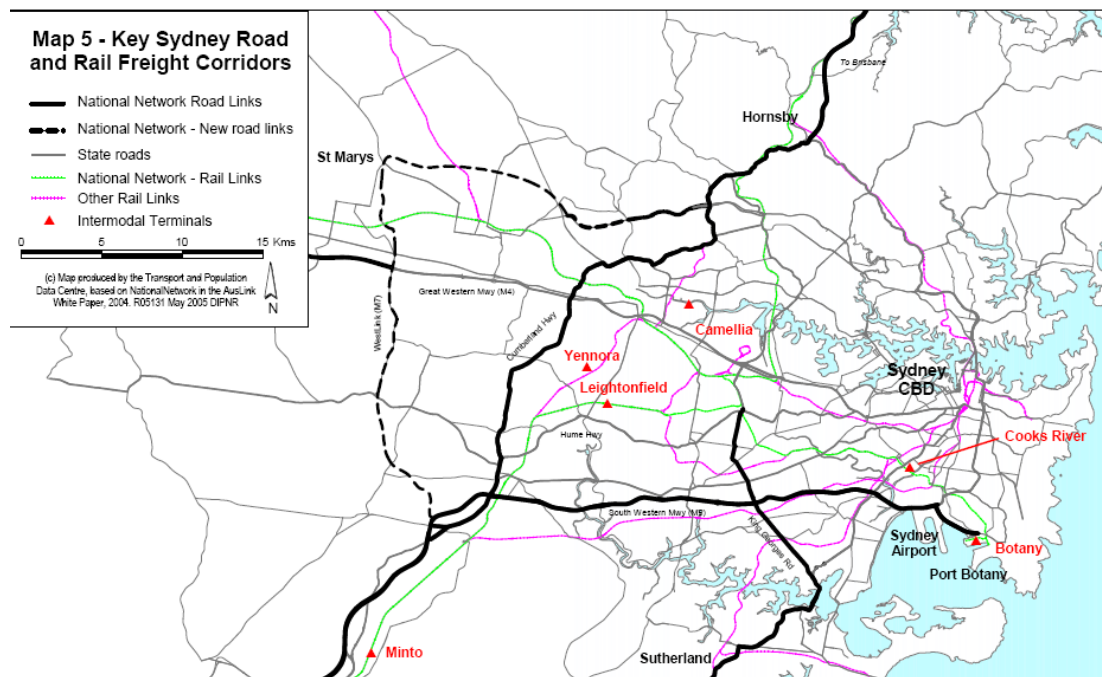
89 New South Wales Government, Submission 96, p. 11; P&O Ports Limited, Submission 54, p.3.

90 Southern Distribution Business Park, Exhibit 37, p.2.

much to be done to enhance the role of urban and regional facilities and the IMT sector.

- 6.81 Ernst and Young were sceptical about the capacity of existing terminals to make a significant contribution to meeting the NSW Government's rail target. They claimed that all the existing terminals, with the exception of Minto, are "...constrained sites with limited capacity for growth".<sup>91</sup>
- 6.82 The NSW Government's *Ports Freight Plan* outlines a number of measures required to efficiently manage anticipated freight increases. These include:
- a network of additional IMTs in Sydney's west;
  - enhanced rail links between Port Botany and major terminals;
  - improved road connections between the Port and arterial routes to regional terminals; and
  - substantial improvements to freight chain coordination.<sup>92</sup>

Figure 6.1 Existing Intermodal Facilities, Sydney



Source: New South Wales Government, Submission 96, Map 5.

91 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.14.

92 New South Wales Government, Submission 96, pp.11-12.

- 6.83 DOTARS has identified the Port Botany, Chullora, Yennora and Minto intermodal terminals as important to the corridor.<sup>93</sup> Also, Meyrick and Associates noted good opportunities for developing some IMTs into “...fully fledged freight logistics and distribution” centres. For example, urban terminals with this potential include Moorebank and Enfield in Sydney, and in the regional areas, the Albury-Wodonga development.<sup>94</sup>

### Sydney

- 6.84 Sydney has an extensive network of urban and regional IMTs.<sup>95</sup> However, in 2004, the combined annual capacity of Sydney’s six main metropolitan terminals – Chullora, Cooks River, Yennora, Camellia, Leightonfield and Minto – was only 500,000 TEUs. Given estimates that Sydney will require an aggregate intermodal terminal capacity of at least 1.2 million TEUs annually by 2020, the existing intermodal network will soon face significant capacity constraints.<sup>96</sup>
- 6.85 Many of these urban – and regional – terminal operations focus on freight flows to and from Port Botany.<sup>97</sup> Chapter 3 explores the range of issues, such as road capacity and congestion, constraining port functionality and the port’s freight transport connections.<sup>98</sup> Current and anticipated problems necessitate careful consideration of the State’s intermodal facility options.
- 6.86 The NSW Freight Infrastructure Advisory Board (FIAB) found that over the next fifteen years, a larger network of IMTs will be needed. In its *Railing Port Botany’s Containers* report, it recommended that “...intermodal terminals be treated as critical infrastructure under NSW planning provisions”.<sup>99</sup>
- 6.87 The Sydney area presents planners with a potential crisis<sup>100</sup> but also an opportunity, to utilise the growth of the IMT sector to improve port-oriented freight flows.<sup>101</sup> Professor Philip Laird contended that

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93 Department of Transport and Regional Services, *AusLink: Sydney-Melbourne Corridor Strategy*, Draft, p.5.

94 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, pp.3–4.

95 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.63.

96 Ernst & Young, et al, *North-South Rail Corridor Study Executive Report*, 30 June 2006, p.65.

97 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.63.

98 Wingecarribee Shire, Submission 176, p.14.

99 New South Wales Government, *Railing Port Botany’s Containers: Proposals to Ease Pressure on Sydney’s Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.15.

100 Australian Rail Track Corporation, Transcript, 1 March 2006, Canberra, p.16.

101 Maritime Union of Australia, Transcript, 1 February 2006, Wollongong, p.66.

increased IMT capacity in urban Sydney would enhance freight movement efficiencies in the region.<sup>102</sup>

6.88 The Warren Centre said that it viewed:

...the establishment of modern freight terminals across the Sydney Region as a vital element in establishing an effective sustainable transport system for Greater Sydney. It is intended that these terminals be linked by rail to the ports to optimise rail use in freight movement. This is a critical element in addressing the rail/road balance, and facilitating urban freight friendly operations.<sup>103</sup>

6.89 The expectation that current container throughput at Port Botany will more than double by 2020, has already motivated planning for the construction of at least five new intermodal terminals within the metropolitan area.<sup>104</sup> This reflects the emerging trend towards developing hubs in urban areas. However, as the Wingecarribee Shire observed:

Major hubs will remain in Sydney itself but it is recognised that strategically located regional terminals will also play an increasingly important role.<sup>105</sup>

6.90 Currently in the Sydney region, private sector operated IMTs handle domestic cargoes and around 135,000 TEUs a year of the import-export market, accessing Port Botany, Minto, Yennora, Villawood, Camellia and Cooks River by rail.<sup>106</sup> Regional multi-user facilities are currently in place at Moree, Narrabri, Tamworth, Newcastle, Dubbo, Blayney, Parkes, Griffith, Wagga Wagga, Cootamundra and Hillston. There are also private or single commodity facilities located in Wee Waa, Warren, Manildra and Narrandera.<sup>107</sup>

6.91 In its *Railing Port Botany's Containers* report, FIAB recommended that "...Sydney's future network of intermodal terminals be connected to Port Botany by way of dedicated freight rail lines".<sup>108</sup>

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102 Professor Philip Laird, Supplementary Submission 181, p.12. See also The Warren Centre, Submission 43, p.3.

103 The Warren Centre, Submission 43, p.3.

104 Australian Rail, Tram and Bus Industry Union, Submission 132, p.21.

105 Wingecarribee Shire, Submission 176, p.14.

106 New South Wales Government, Submission 96, p.5.

107 New South Wales Government, Submission 96, p.5.

108 New South Wales Government, *Railing Port Botany's Containers: Proposals to Ease Pressure on Sydney's Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.15.

- 6.92 The Southern Sydney Freight Line (SSFL) proposal is part of a number of ARTC improvements planned to enhance the efficiency and cost-effectiveness of freight movements along the North-South rail corridor. In particular, it will help to address major bottleneck issues in southern Sydney.<sup>109</sup>
- 6.93 When the SSFL project goes ahead it should help to address many of the rail network connectivity issues that are hindering the development or expansion of IMTs in the region.

*Chullora and Yennora*

- 6.94 Chullora, located 18 km from the CBD, is the main intermodal freight terminal in Sydney. The terminal is owned and operated by Pacific National, and has an annual throughput of 200,000 TEUs.<sup>110</sup> The draft *Sydney-Melbourne Corridor Strategy* suggests that redevelopment or expansion of Chullora will be necessary if the desired increase in rail's share of freight movements is to be achieved.<sup>111</sup>
- 6.95 Currently a single rail line connects Chullora to Port Botany, leading to congestion and conflict with passenger movements. Improvements to the freight rail line between Port Botany and the Enfield and Chullora IMTs are included in AusLink planned works.<sup>112</sup>
- 6.96 The Yennora terminal facilitates both import-export and interstate freight movements, with an annual throughput of approximately 50,000 TEUs. It is a Patrick owned and QR National operated facility, located 23 km west of the Sydney CBD. Like Chullora, this facility faces congestion problems and conflict with passenger train operations.<sup>113</sup>
- 6.97 However, the *North-South Corridor Study* suggested that even when the SSFL is completed, congestion between Chullora, Yennora, Strathfield and Gosford will still be a problem.<sup>114</sup>

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109 For more information see <http://www.ssfl.artc.com.au/> and relevant discussion in Chapter 4.

110 Australian Rail Track Corporation, Submission 68, p.2.

111 Department of Transport and Regional Services, *AusLink: Sydney-Melbourne Corridor Strategy*, Draft, p.17.

112 Department of Transport and Regional Services, *AusLink: Sydney-Melbourne Corridor Strategy*, Draft, p.16.

113 Department of Transport and Regional Services, *AusLink: Sydney-Melbourne Corridor Strategy*, Draft, p.16.

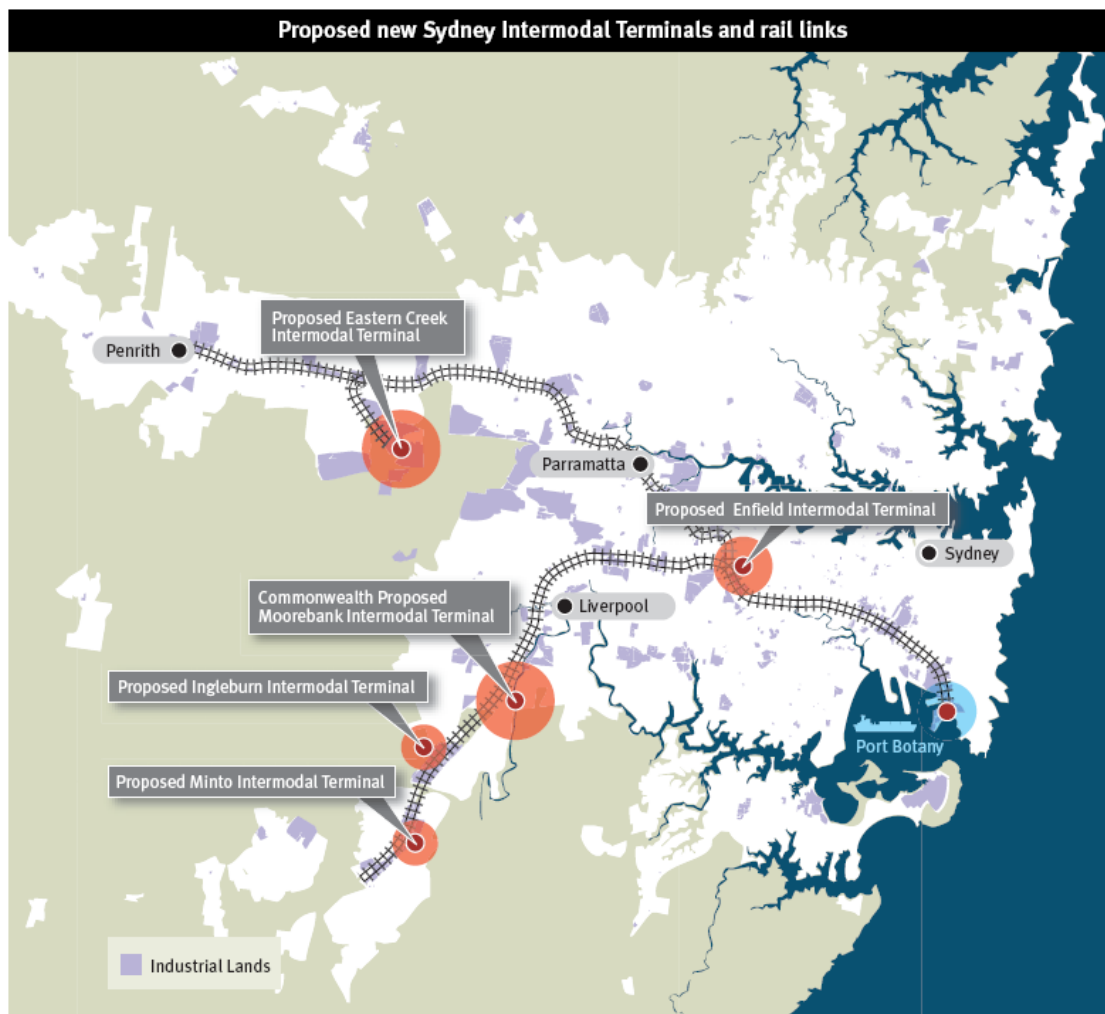
114 Ernst & Young, et al, *North-South Rail Corridor Study Executive Report*, 30 June 2006, p.47.

## Minto

- 6.98 The Macarthur Intermodal Shipping Terminal (MIST) at Minto, currently has an annual rail throughput of approximately 45,000 TEUs. It is located 35 km South-West of the Sydney CBD, and is adjacent to the main Sydney to Melbourne rail line.<sup>115</sup> A dedicated rail shuttle operates from the Minto terminal to Port Botany.

## Proposed facilities

Figure 6.2 Proposed Intermodal Facilities, Sydney



Source: Freight Infrastructure Advisory Board, *Railing Port Botany's Containers*, p.8.

- 6.99 While the Minto terminal does have shortcomings, such as restricted rail sidings of 350 m, it differs from its urban counterparts in its expansion potential. The MIST and Austrak plans to extend onto

115 Department of Transport and Regional Services, *North-South Rail Corridor Study – Detailed Study Report*, Ernst and Young, ACIL Tasman and Hyder Consulting, Chapter 5, p.18.

adjacent land could result in a capacity increase of around 200,000 TEUs.<sup>116</sup>

- 6.100 In its *Railing Port Botany's Containers* report, FIAB concluded that the proposed expansion and associated development at Minto can assist Sydney in meeting future intermodal demands.<sup>117</sup>

*Enfield*

- 6.101 While some redevelopment work is required at existing facilities, the *North-South Rail Study* found that facilities such as Chullora and Yennora do not have sufficient expansion potential to accommodate longer trains and increased freight demands. Consequently, development proposals such as Enfield may have a significant role to play, complementing existing operations and increasing New South Wales' terminal capacity.<sup>118</sup>
- 6.102 There is a proposal to develop an Intermodal Logistics Centre at the former Enfield marshalling yards. The Sydney Ports Corporation (SPC) has progressively purchased a site next to the marshalling yards. However, a NSW government review in 2003 concluded the plans were too big for the site. SPC has since refined its concept in keeping with the review recommendations.<sup>119</sup>
- 6.103 The current Enfield proposal outlines a 60 hectare development, operating 24 hours, seven days a week. The terminal – smaller than originally planned – would be linked to on-site empty container storage facilities and port related warehousing. An annual operating capacity of 300,000 TEUs is anticipated, to be derived mainly from shuttling freight between the terminal and Port Botany.<sup>120</sup>
- 6.104 Currently, 75 per cent of freight movements on this route to Port Botany utilise trucks. The Sydney Ports strategy sees the Enfield facility as a key element in facilitating freight movements by rail, and

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116 New South Wales Government, *Railing Port Botany's Containers: Proposals to Ease Pressure on Sydney's Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.20.

117 New South Wales Government, *Railing Port Botany's Containers: Proposals to Ease Pressure on Sydney's Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.20.

118 Department of Transport and Regional Services, *North-South Rail Corridor Study – Detailed Study Report*, Ernst and Young, ACIL Tasman and Hyder Consulting, Chapter 5, p.4.

119 Sydney Ports Corporation, *Intermodal Logistics Centre at Enfield: Environmental Assessment – Executive Summary*, October 2005, Sinclair Knight Mertz, pp.2-3.

120 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.4. Details of the proposal are available on the Strathfield Council's website: [www.strathfield.nsw.gov.au/page/planning-and-development/enfield-intermodal-terminal](http://www.strathfield.nsw.gov.au/page/planning-and-development/enfield-intermodal-terminal), accessed 12 April 2007.



thereby moderating the anticipated growth in truck movements as freight demand increases.<sup>121</sup>

- 6.105 There is good access from the proposed site to Port Botany and the general rail network. Two 920 m sidings are planned and 600 m trains will be accommodated at the site.<sup>122</sup> Road infrastructure improvements will also be required.<sup>123</sup>
- 6.106 The proposal has received opposition from community action groups. The site is surrounded by residential suburbs, and because of plans for 24 hour operations, there are concerns about adverse community and environmental impacts from more trucks, congestion, air and noise pollution, and associated health risks.<sup>124</sup> The ALC contends that Enfield is an example of how environmental and community impact concerns can hinder the development of a proposed – and arguably much needed – terminal:

Although the area has been identified as a critical zone for the construction of a new intermodal terminal (this has been endorsed by the recent Freight Industry Advisory Council Report), the local government has continuously resisted the proposals on the basis of ... [aesthetic, environmental and community amenity] issues.<sup>125</sup>

- 6.107 In 2005, the Sydney Ports Corporation conducted an Environmental Impact Assessment of the proposal.<sup>126</sup> It concluded that this development would contribute towards achieving the State's goal of a 40 per cent modal share for rail, and provide financial and social benefits to the community. It also concluded that the development would not detrimentally affect the health, diversity and productivity of the environment.<sup>127</sup>

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121 Sydney Ports Corporation, *Intermodal Logistics Centre at Enfield: Environmental Assessment – Executive Summary*, October 2005, Sinclair Knight Mertz, p.1.

122 Department of Transport and Regional Services, *North-South Rail Corridor Study – Detailed Study Report*, Ernst and Young, ACIL Tasman and Hyder Consulting, Chapter 5, p.19.

123 New South Wales Government, *Railing Port Botany's Containers: Proposals to Ease Pressure on Sydney's Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.16.

124 Information on this campaign is available at <http://www.noportenfield.org/>, accessed 20 March 2007.

125 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.32.

126 New South Wales Government, Submission 96, p.11.

127 NSW Department of Planning, [http://www.planning.nsw.gov.au/asp/pdf/enfield/chapter\\_22.pdf](http://www.planning.nsw.gov.au/asp/pdf/enfield/chapter_22.pdf), accessed 20 March 2007.

- 6.108 In May 2007, the Premier of New South Wales announced that it would endorse plans for a new intermodal facility at Enfield, under its Freight Initiative. Consequently, the assessment of the site that had been on hold was resumed.<sup>128</sup>

#### *Moorebank*

- 6.109 The Department of Transport and Regional Services is currently considering the development of an intermodal facility on Commonwealth land at Moorebank in South-Western Sydney.
- 6.110 The proposed site is currently used by the Defence Force, but could be surplus land if land force training operations are relocated to Victoria.<sup>129</sup> The Charter Institute of Logistics and Transport maintains that the release of this land for an intermodal development "...could have a major influence on the efficiency and capacity of the East rail corridor". It could also, by extension, enhance the freight distribution efficiencies of the regional rail networks.<sup>130</sup>
- 6.111 The proposal is for a multi-user facility with an annual 500,000 TEU capacity. There is sufficient land to accommodate longer trains and greater throughput than other facilities in the Sydney area. The site is close to the M5 motorway, which connects to the port, the M7 motorway and the planned Southern Sydney Freight Line.<sup>131</sup> The facility would be a loading, unloading and distribution point for freight moved by rail.<sup>132</sup>
- 6.112 NSW FIAB considered Moorebank critical to the development of the region's intermodal terminal capacity, and its ability to meet its rail freight target.<sup>133</sup> The NSW Government has since agreed with a number of FIAB's recommendations in relation to Moorebank, including:
- that the NSW Government should pursue AusLink funding for an ARTC rail connection to the site;

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128 NSW Ministry of Transport, <http://www.transport.nsw.gov.au/news/media/2007/07-05-31-premier-ports-freight-strategy.pdf>, accessed 21 June 2007.

129 The Department of Defence has indicated that, subject to Commonwealth agreement, the site could be available by 2011.

130 Chartered Institute of Logistics and Transport (ACT and SE NSW sections), Submission 64, p.13.

131 New South Wales Government, Submission 96, p.12.

132 National Transport Commission, Transcript, 13 September 2006, Canberra, p.8.

133 New South Wales Government, *Railing Port Botany's Containers: Proposals to Ease Pressure on Sydney's Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.17.

- ensuring that access to the site does not compromise future expansion of the East Hills passenger line; and
- using design buffers to ensure that site development is separated from any residential development and future expansion of the East Hills passenger line.<sup>134</sup>

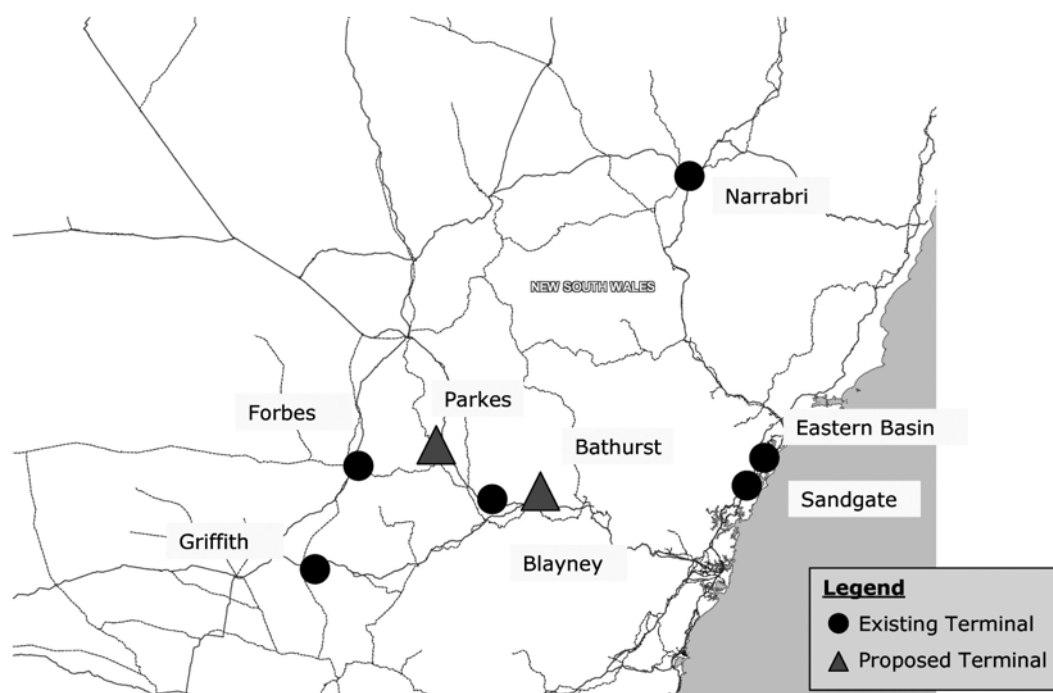
6.113 An intergovernmental Working Group has been established to assess the site and plan for the development of an intermodal facility at Moorebank.<sup>135</sup>

#### *Eastern Creek*

6.114 A site at Eastern Creek in Western Sydney has been identified by FIAB as one with potential for IMT development. The privately owned site currently consists primarily of agricultural land. However, FIAB envisages a development with future capacity of 500,000 TEUs each year.

#### Regional Hubs

Figure 6.3 Intermodal facilities, Regional New South Wales



Source: Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p. 17.

134 New South Wales Government, *Railing Port Botany's Containers: Proposals to Ease Pressure on Sydney's Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.18.

135 New South Wales Government, *Review by the Infrastructure Implementation Group of the Freight Infrastructure Advisory Board Report and Recommendations*, May 2007, p.7.

6.115 The Westlink M7 and M4 arterial roads intersect at Eastern Creek, providing access from the terminal to main economic and industrial areas in the region. However, an 18 km rail line construction would be required to connect Eastern Creek to the SSFL, but once completed the site could accommodate longer trains.<sup>136</sup> NSW FIAB suggests that the site warrants further consideration.<sup>137</sup>

6.116 FIAB supported Eastern Creek as a preferred site for future intermodal development:

It is our view that the Eastern Creek site should be reserved for the development of an intermodal terminal to service Western Sydney. Unless the site is protected, there is a significant risk that it may be developed in a way that compromises its use as an intermodal terminal servicing the Western Sydney industrial markets.<sup>138</sup>

6.117 The NSW Government agreed that:

Eastern Creek is a key location for warehousing and distribution in western Sydney – it is important that the long term option of locating an intermodal terminal at Eastern Creek in the future should not be compromised.<sup>139</sup>

#### *Parkes*

6.118 Parkes is located at the junction of the Newell Highway, the North-South national highway linking Melbourne with Brisbane, and the Transcontinental railway from Sydney to Perth. It is also the closest point to the eastern seaboard that allows containers to be double stacked for the Transcontinental railway.<sup>140</sup> A hub at this site could service freight movements on the East-West corridor and potentially on a future North-South inland rail.<sup>141</sup>

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136 Department of Transport and Regional Services, *North-South Rail Corridor Study – Detailed Study Report*, Ernst and Young, ACIL Tasman and Hyder Consulting, Chapter 5, p.20.

137 New South Wales Government, *Railing Port Botany's Containers: Proposals to Ease Pressure on Sydney's Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.22.

138 New South Wales Government, *Railing Port Botany's Containers: Proposals to Ease Pressure on Sydney's Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.21.

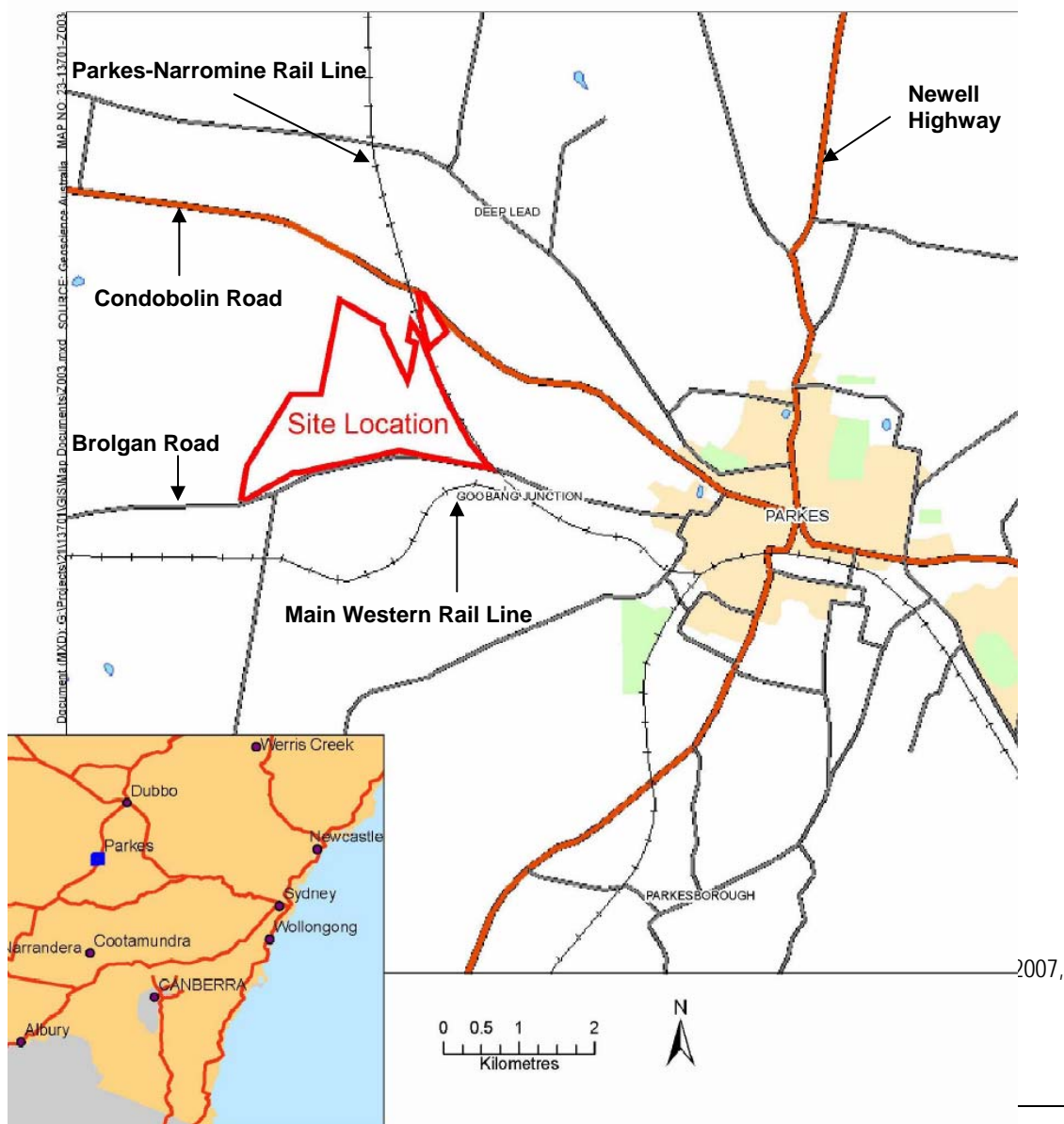
139 New South Wales Government, *Review by the Infrastructure Implementation Group of the Freight Infrastructure Advisory Board Report and Recommendations*, May 2007, p.10.

140 Parkes Shire Council, Submission 28, p.4.

141 Hunter Area Consultative Committee, Transcript, 30 January 2006, Newcastle, p.44.

- 6.119 The Parkes intermodal hub proposal has been developed by the Parkes Shire Council, in conjunction with the private sector.<sup>142</sup> Terminals Australia has acquired over 300 hectares of land for the proposed \$400 million development.<sup>143</sup> The Council has conducted extensive investigations and consultations to arrange the appropriate industrial zoning for a 500 hectare area encompassing the site. The completed hub would be a 24 hour, 7 day a week, multi-modal transport facility, with a capacity potential of 530,000 TEUs.<sup>144</sup>

Figure 6.4 Proposed Parkes Intermodal facility site



142 Parkes Shire Council, Submission 28, p.1.

143 Hunter Area Consultative Committee, Transcript, 30 January 2006, Newcastle, p.44.

144 Information on the project is available on the Parkes Shire Council's website:  
<http://www.parkes.nsw.gov.au/planning/5677/5762.html>, accessed 12 March 2007.

- 6.121 The site is on disused agricultural land and the Parkes region is not a significant producer of any major products requiring transportation. Rather, the value of the Parkes proposal lies in its location as a meeting point for rail and road corridors and the availability of land.
- 6.122 Some business have already recognised these benefits and have established facilities at Parkes, these include FCL, Australian Wool Handlers and Silverton Rail.<sup>145</sup> The Parkes facility will also include container storage, warehousing, administration and rail service facilities and associated infrastructure.
- 6.123 Inland rail options outlined in the North-South Rail Corridor study involve linking Melbourne to Brisbane via Parkes.<sup>146</sup> If the far West route is selected, Parkes' strategic value and intermodal hub potential, already high, will increase significantly. It also has potential for Melbourne to Sydney freight movements, using shuttle services for the Parkes to Sydney segment.<sup>147</sup> The Parkes Shire Council claimed:
- There are no other locations in inland Australia that could provide the same storage and interchange services for long distance road and rail haulage if the inland rail is developed.<sup>148</sup>
- 6.124 Infrastructure plans include the construction of three heavy vehicle access roads, and regional road and rail upgrades. The purpose built heavy vehicle roads from Brolgan Road, to connect with the Newell Highway south and north of Parkes, will involve a high level of access control. The Council estimates a cost of \$8.1 million for the 7.9 km of road for these connections.
- 6.125 This plan also includes a new Southern By-pass from Orange Road, east of Parkes, to the Newell Highway, and linking the new By-pass to the Newell Highway south of Parkes. A cost of \$4.6 million is estimated. Upgrades to the Brolgan and Condobolin Roads, at a cost of \$1.2 million, will improve heavy vehicle access. The proposed rail upgrade involves increasing the curvature of the rail link between the Southern Railway line and the Northern and Western lines.<sup>149</sup>

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145 Parkes Shire Council, Submission 28, p.5.

146 Department of Transport and Regional Services, *North-South Rail Corridor Study – Detailed Study Report*, Ernst and Young, ACIL Tasman and Hyder Consulting, Chapter 1, p.17.

147 Department of Transport and Regional Services, *North-South Rail Corridor Study – Detailed Study Report*, Ernst and Young, ACIL Tasman and Hyder Consulting, Chapter 4, p.19.

148 Parkes Shire Council, Submission 28, p.6.

149 Parkes Shire Council, Submission 28, pp.11-13.

- 6.126 The Council proposed that cost sharing arrangements to facilitate these infrastructure requirements could involve:
- the Commonwealth government entirely funding the national road network (Newell Highway) connections (\$8.1 million),
  - ARTC funding the rail component (\$1.5 million), and
  - the remaining regional road network upgrades (\$5.8 million) jointly funded by the State government (50 per cent), Commonwealth (25 per cent), Parkes Shire Council (15 per cent), and the private sector (10 per cent).<sup>150</sup>
- 6.127 The Council sees the Parkes hub as a valuable tool in addressing congestion, improving access to ports,<sup>151</sup> and taking the pressure off existing hubs, which are already approaching capacity.<sup>152</sup> Community benefits are also anticipated, in the form of job creation, regional prosperity and by reducing truck numbers through residential areas.<sup>153</sup>
- 6.128 Overall, the Parkes proposal satisfies many of the criteria<sup>154</sup> for an effective intermodal facility. While evidence suggests that the most immediate need is for IMTs in metropolitan areas, Parkes should not be dismissed as a future development option.
- 6.129 In February 2007, the NSW Department of Planning released the Environmental Assessment Report on the Parkes hub project.<sup>155</sup> The report concluded that the "...proposal is in the public interest and should be approved". It found that:
- the project was consistent with the NSW Government's objective to encourage opportunities for freight movements by rail;
  - traffic impacts would be manageable provided a range of upgrades of the surrounding road network were implemented (particularly the Hartigan Avenue/Forbes Street/Bogan Street intersection); and

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150 Parkes Shire Council, Submission 28, p.13.

151 Parkes Shire Council, Submission 28, p.7.

152 Australian Transport and Energy Corridor, Submission 122, p.5.

153 Parkes Shire Council, Submission 28, p.3.

154 As identified by Meyrick and Associates in Submission 190 and in evidence to the Committee.

155 New South Wales Department of Planning, *Major Project Assessment: Terminals Australia, Parkes Intermodal Terminal*, Director-General's Environmental Assessment Report, February 2007, pp.19-20.

- adverse environmental impacts could be mitigated to an acceptable level.<sup>156</sup>
- 6.130 In March 2007, the NSW Government approved initial plans for the terminal, which is expected to attract \$135 million in capital investment. It is estimated that this first stage development will be completed within five years and will handle 240,000 TEUs a year.<sup>157</sup>
- 6.131 On 15 June 2007, the Minister for Transport and Regional Services announced that the inland rail would run through Parkes. The Parkes Shire Council saw the inclusion of Parkes on the proposed North-South inland rail line as reinforcing "...the status of Parkes as the National Freight Logistics Hub and consolidated the interest now being shown in Parkes by the transport industry for the efficient and effective movement of freight across Australia".<sup>158</sup>

### *Goulburn*

- 6.132 The Southern Distribution Business Park (SDBP) proposes to build an intermodal hub 4 km from Goulburn. The proposal is an initiative of the Mariner Property Group. An integrated industrial, logistics, service, warehousing and distribution hub is planned on a site of approximately 426 hectares, adjacent to the Hume Highway. The full development should cover around 200 hectares and will be completed over a 15 year period.<sup>159</sup>
- 6.133 Project developer, Southern Distribution Hub, claimed that this prime location on the Hume corridor makes it "...one of the most strategic and important in Australia in terms of freight and distribution for the eastern seaboard". It would link directly with Port Kembla, Port Botany and Pyrmont, facilitating the distribution of general freight and bulk goods throughout the Eastern States. This project is also an opportunity to reduce freight congestion on Sydney's southern corridors.<sup>160</sup>

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156 New South Wales Department of Planning, *Major Project Assessment: Terminals Australia, Parkes Intermodal Terminal*, Director-General's Environmental Assessment Report, February 2007, pp.19-20.

157 Hon. Frank Sartor, Minister for Planning, New South Wales Government, Media Release FS200070306\_524, 6 March 2007.

158 Parkes Shire Council, *Feds Prefer Inland Rail Route through Parkes*, 15 June 2007. Source: <http://www.parkes.nsw.gov.au/news/pages/6570.html>, accessed 21 June 2007.

159 Southern Distribution Business Park, Submission 180, p.1. For more information on the project see <http://site.sdh.net.au/project.php>.

160 Southern Distribution Business Park, Submission 180, p.1.



- 6.134 The project proposal includes construction of a new highway interchange at Goulburn and associated road infrastructure. The planning emphasis is certainly on road connections to access the hub, however the feasibility of rail connections will also be explored. A dedicated rail spur is being considered, that would accommodate freight and seek to maximise connections to existing rail infrastructure in the region, in particular the Sydney-Canberra-Melbourne connections and the lines to the Ports of Wollongong and Sydney.<sup>161</sup> SDBP is working with the ARTC to develop a plan on how best to utilise – currently underutilised – rail lines that are within 1.5 kilometres of the proposed hub site.<sup>162</sup>
- 6.135 Planning, land acquisition and engineering studies for the project are already advanced. It is predicted to be operational within two years of receiving development consent.<sup>163</sup> A concept plan application for the development is with the NSW Government.<sup>164</sup>
- 6.136 A pre-feasibility study conducted by the Logistics Association Australia, found – despite a lack of available demand data – sufficient evidence to support the commercial feasibility of the project.<sup>165</sup>
- 6.137 Proponents argue that projects of this type are in keeping with the State government’s recommendations to pursue the development of low job-density logistics activities in regional areas.<sup>166</sup> Expected benefits include \$170 million annually to the State economy, \$100 million in public infrastructure, and job creation.<sup>167</sup>
- 6.138 Mariner Financial contended that the project satisfies all of the criteria outlined by the NSW Sea Freight Council, for a feasible intermodal facility.<sup>168</sup> The company also argued that the site has industry support.<sup>169</sup> Southern Distribution Hub estimated private investment of \$1 billion over the first 15 years of operation.<sup>170</sup>

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161 Southern Distribution Business Park, Submission 180, pp.2-3.

162 Mariner Financial Ltd, Transcript, 6 September 2006, Canberra, p.26.

163 Southern Distribution Business Park, Submission 180, p.1.

164 As at 12 February 2007, see [http://www.marinerfunds.com.au/clippings\\_summary.asp](http://www.marinerfunds.com.au/clippings_summary.asp).

165 Southern Distribution Business Park, Exhibit 36, p.38.

166 Southern Distribution Business Park, Exhibit 36, p.38.

167 The project is expected to create 300 jobs in the construction phase and 2500 jobs in transport and associated services in the first 15 years of operation. Southern Distribution Business Park, Submission 180, p.1.

168 Mariner Financial Ltd, Transcript, 6 September 2006, Canberra, p.28.

169 Southern Distribution Hub Pty Ltd, Transcript, 6 September 2006, Canberra, p.25.

170 Southern Distribution Business Park, Submission 180, p.1.

*Southern Highlands*

- 6.139 The Southern Highlands Intermodal concept is a strategic co-operative effort between the Port Kembla Port Corporation (PKPC) and the Wingecarribee Shire Council.<sup>171</sup> The site would connect to Sydney, Canberra, Illawarra and the South Coast of New South Wales.<sup>172</sup>
- 6.140 Demand for the IMT will be driven by the level of container trade through Ports Botany and Kembla, the increase in non-bulk freight demand between Melbourne and Sydney, and vehicle imports in the region. Project proponents argued that this is the only location that offers a 'whole of industry' solution to dealing with immediate demand and the anticipated shortfall in Sydney's intermodal capacity over the next 10 to 15 years.<sup>173</sup>
- 6.141 It has a competitive advantage over other regional developments because the major infrastructure is already in place and currently underutilised. For example, the M7 provides direct access to Sydney. This hub could also handle longer trains than its metropolitan counterparts.<sup>174</sup>
- 6.142 Port Kembla could be directly accessed from the hub by rail and by road on the Hume Highway via Wilton.<sup>175</sup> Only 1 km of the main Southern line would be used for rail movements to the port and they should not interfere, unduly, with current line operations.
- 6.143 The Wingecarribee Shire Council maintains that the terminal would far exceed the 10,000 TEUs that the *National Intermodal Terminal Study* adopted as the annual requirement for an IMT ranking of "nationally significant".<sup>176</sup>
- 6.144 The Southern Highland hub would not suffer some of the constraints faced by many of the urban Sydney hubs. For example, there would be less road and rail restriction and large, relatively low cost, industrial sites are available in the region.<sup>177</sup> This project could assist NSW in meeting its rail mode share target and also reduce urban
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171 For general information on the Southern Highland Intermodal concept see <http://www.southernhighlandsbusiness.com/purpose.html>, accessed 2 April 2007.

172 Wingecarribee Shire Council, Submission 176, p.6.

173 Wingecarribee Shire Council, Submission 176, p.3.

174 Wingecarribee Shire Council, Submission 176, p.5.

175 Wingecarribee Shire Council, Submission 176, pp.5-6.

176 Wingecarribee Shire, Submission 176, p.11.

177 Wingecarribee Shire, Submission 176, p.6.

congestion in Sydney. The Council's submission highlights the potential for value-adding, for example with educational facilities to support the logistics industry.

- 6.145 In 2006, development and logistics companies evaluated the viability of the Southern Highlands, and began seeking land for development.<sup>178</sup> In 2007, a Memorandum of Understanding was signed between the Wingecarribee Shire Council and PKPC, to work together on strategic growth and development of the Southern Highland and Illawara regions. The development of the Southern Highland intermodal facility will be a key project for this partnership.<sup>179</sup>
- 6.146 As at June 2007, two large institutional investors have been secured. They have taken up 110 hectares in land options for the planned Stage One development. Consultants have been engaged and project managers appointed. The Council has received an Infrastructure Study report on the project and a Development Control Plan is due to be completed in July 2007. Once approved, the Council anticipates that development could begin in as little as two weeks. The Council also highlighted the importance of rail access for hub viability, and is considering a number of options for rail infrastructure, including talking with larger companies that have an interest in extending rail connections.<sup>180</sup>

#### Other proposed facilities

- 6.147 Time constraints have forced the Committee to restrict its focus to urban facilities and some regional areas where there is a more pressing need for IMTs. However, there are certainly other new development and expansion proposals that merit consideration by Government and industry, when exploring future intermodal facility options. Proposed facilities of note in the Sydney area include Ingleburn and Menangle.
- 6.148 The Patrick Corporation has proposed an IMT in the Ingleburn industrial area. The facility would have a 54,000 TEU annual capacity and would be aimed at supporting Patrick's Autocare business.<sup>181</sup>

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178 Wingecarribee Shire, Submission 176, p.13.

179 Port Kembla Port Corporation, <http://www.kemblaport.com.au/index.pl?page=140>, accessed 3 April 2007.

180 Advised by the Wingecarribee Shire Council on 2 April and 20 June 2007.

181 New South Wales Government, *Railing Port Botany's Containers: Proposals to Ease Pressure on Sydney's Roads*, July 2005, prepared by the Freight Infrastructure Advisory Board, p.21.

Despite being delayed by court proceedings before the Land and Environment Court in 2005, a favourable outcome now means that the project can proceed under the normal planning approval process.<sup>182</sup>

- 6.149 There is also potential in Menangle for the development of a terminal and a transport and logistics business park on a 60,000 m<sup>2</sup> site close to both the Main Southern line and the M5.<sup>183</sup> However, FIAB and the NSW Government agreed that the Menangle site's potential is in servicing interstate freight movements, rather than import- export container movements.<sup>184</sup>
- 6.150 Another opportunity worth exploring in the longer-term is Moree. It is a major grain growing area, with agricultural produce of around \$900 million each year.<sup>185</sup> In August 2006, the Committee heard that Moree was experiencing around 3,000 truck movements each day through the town and region.<sup>186</sup>
- 6.151 Moree already has a role to play in warehousing – storage of containers brought in for product to be moved out of the region – and facilitating rail movements of these containers. During 2005, 1,200 40-foot containers were moved out of Moree in a six month period, and it was estimated that with a reliable rail service this figure could have been 2,500 containers.<sup>187</sup> The Cunningham Rail Link Committee proposed an extension of the standard gauge rail, which may pass through Moree and Warwick, to join the rail at Rathdowney and potentially onto the proposed Bromelton IMT. Also, if the far west inland rail route for the North-South corridor is selected, the rail will pass through Moree. Consequently, subject to the reopening or upgrade of certain rail connections:

Moree could act as an important and busy freight hub. Local produce could be collected and transported from the silos to Moree while imported fuels and fertilisers distributed from Moree to local regional towns ...

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182 New South Wales Government, *Review by the Infrastructure Implementation Group of the Freight Infrastructure Advisory Board Report and Recommendations*, May 2007, p.8.

183 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, pp.64-65.

184 New South Wales Government, *Review by the Infrastructure Implementation Group of the Freight Infrastructure Advisory Board Report and Recommendations*, May 2007, p.7.

185 Moree Plains Shire Council, 7 April 2006, Toowoomba, p.32.

186 Mr Vincent O'Rourke, Transcript, 1 August 2006, Sydney, pp.20-21.

187 Dunavant Enterprises Australia, Transcript, 7 April 2006, Toowoomba, pp.30-31.

With freight hubs local trains could quickly move along the branch lines on a regular basis providing fast local movement of freight. Much larger trains assembled at the hubs would then move the goods to the required shipping port. From Moree for example freight could be moved to Newcastle or Brisbane or if the Inland Rail Line as mooted was constructed then to Melbourne, Adelaide or Perth.<sup>188</sup>

## Victoria

6.152 Victoria is geographically positioned to facilitate export freight movements from South Australia, New South Wales and Tasmania, and act as a distribution point for imports. In particular, DOTARS has identified the Port of Melbourne, Dynon, Altona and Somerton intermodal facilities as important to the corridor.<sup>189</sup>

6.153 The Port of Melbourne Corporation's submission noted the industry trend towards the vertical integration of logistics chains. This is discernible in:

- the purchase of trucking and rail terminal operations, particularly in regional areas,
- the use of information and management systems to link components of the supply chain, and
- the control of regional intermodal centres.

The Corporation argued that these trends allow vertically integrated operators to control the movement of freight from distribution centres to ports and achieve efficiencies through aggregated movements rather than multiple trips.<sup>190</sup>

6.154 The Victorian Government has set a target that by 2010, 30 per cent of cargo movements through the State's ports will be on rail. The current level is 17 per cent. As is the case with its neighbouring states, intermodal terminals will have a part to play in realising this target. The Port of Melbourne sees the existing Somerton facility and potential future developments at Altona and Dandenong, as significant elements of a solution to constraints in the port.<sup>191</sup>

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188 Mr Bernard Griffin, Submission 33, p.3.

189 Department of Transport and Regional Services, *AusLink: Sydney-Melbourne Corridor Strategy*, Draft, p.5.

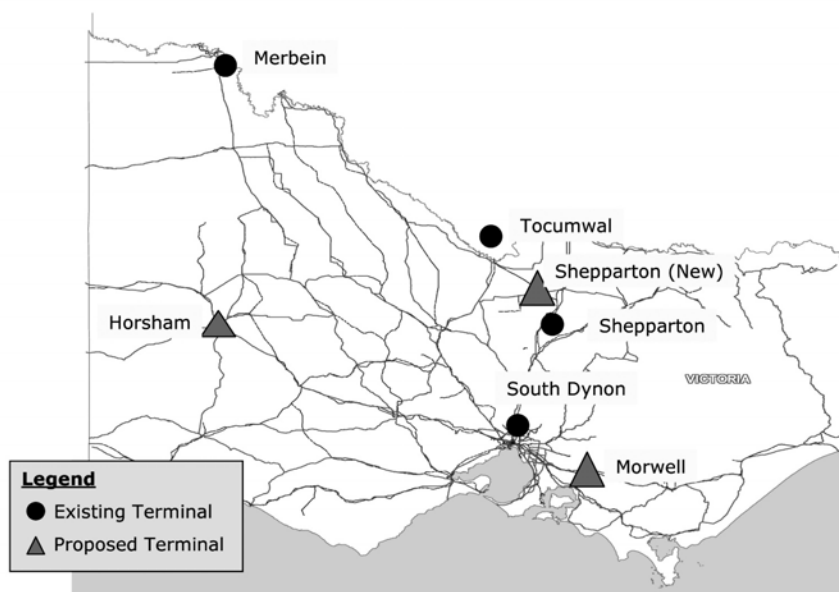
190 Port of Melbourne Corporation, Submission 67, p.6.

191 Port of Melbourne Corporation, Transcript, 27 July 2005, Melbourne, pp.21-22.

- 6.155 IMT activity in Victoria is more centralised than in urban Sydney. South Dynon handles 900,000 TEUs annually, while other smaller terminals only have a combined capacity of around 40,000 TEUs.<sup>192</sup> However, with most facilities there is scope for expansion.<sup>193</sup>

### Metropolitan terminals

Figure 6.4 Intermodal facilities, Victoria



Source: Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.26.

### Port of Melbourne and Dynon

- 6.156 Poor quality rail access to intermodal facilities at the Port of Melbourne has been an impediment to freight operations. However, a \$2.1 million allocation by the Victorian Government for an uninterrupted rail link to the port should help address this problem.<sup>194</sup>
- 6.157 A number of metropolitan terminals have been established, serviced by short-haul rail services. The Australian Logistics Council said industry opinion is split between those concerned that the distances between urban terminals and the Port are too short to be

192 Department of Transport and Regional Services, *AusLink: Sydney-Melbourne Corridor Strategy*, Draft, p.8.

193 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.14.

194 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.65.

commercially viable, and others convinced that this obstacle can be overcome.<sup>195</sup>

- 6.158 Melbourne Port@l is a strategic planning initiative for the Port of Melbourne that extends to the development of a “...single world class intermodal hub” at the adjacent Dynon rail precinct.<sup>196</sup> It has been established to enhance road and rail access, use information technology to improve logistics-chain performance, reduce road congestion around the port, and encourage growth in outer metropolitan IMTs servicing the port.<sup>197</sup>
- 6.159 Dynon is located close to the Port and a number of interstate rail lines converge at the hub. It services interstate and intrastate container movements.<sup>198</sup> AusLink projects underway to address the major rail deficiencies in the area, include constructing a new rail link between Dynon and the Port of Melbourne. The Australian Government has committed \$110 million for this link.<sup>199</sup>
- 6.160 The *North-South Rail Corridor Study* found that the Dynon intermodal precinct has a good network of road connections to arterial roads and major freeways adjacent to the terminals, which enable distribution to regional and metropolitan areas.<sup>200</sup> However, even with the Dynon Port Rail Link upgrades, there is a medium to long term need for the overall road and rail mix to be addressed.<sup>201</sup>

#### *Altona and Somerton*

- 6.161 The Altona North facility is a base for Queensland Rail National’s interstate rail freight services. It has an annual rail throughput of 35,000 TEUs and 40,000 TEUs by road. Freight throughput for this terminal is expected to more than double within five years.<sup>202</sup> The SCT Altona facility primarily handles interstate movements of non-bulk goods by truck and some containerised freight. It has rail lines with

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195 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.65.

196 Port of Melbourne Corporation, Submission 67, p.5.

197 Port of Melbourne Corporation, Submission 67, p.5.

198 Victorian Freight and Logistics Council, Transcript, 25 July 2005, Canberra, p.14.

199 Department of Transport and Regional Services, *AusLink: Sydney-Melbourne Corridor Strategy*, Draft, p.16.

200 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.4.

201 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.38.

202 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.36.

1,500 metre train capacity and annual rail throughput of 13,000 TEUs.<sup>203</sup> Container numbers are growing slowly, but non-containerised cargo movements are expected to increase at a faster rate.

- 6.162 Established in 2005, the Somerton terminal was constructed by Austrak and is P&O Ports operated. Located 20 km north of the Port of Melbourne, the facility is within a regional catchment area of around 200,000 TEUs.<sup>204</sup>
- 6.163 P&O Ports commented that the Somerton facility is a very good example of "...an intermodal facility that is guaranteed to succeed". The establishment of a large Coles Myer distribution centre, and fruit and vegetable markets, close to Somerton certainly add value to the site.<sup>205</sup> If current expansion plans are completed, Somerton will have an annual 600,000 TEU rail capacity.<sup>206</sup>
- 6.164 Even with redevelopments of metropolitan hubs, it is likely that Altona and Somerton may be the best options to accommodate the loading and unloading of 1,800 metre freight trains.<sup>207</sup>

#### Regional terminals

- 6.165 The route selected for the North-South inland rail project will influence IMT development in regional Victoria. Two of the route alternatives for the Melbourne to Junee sub-corridor could see the rail line connecting through Albury or Shepparton.<sup>208</sup> These alternatives are outlined and discussed in Chapter 9 of this report.
- 6.166 Studies suggest that the Albury route would be a quicker and less expensive option, with an optimal transit time of 20.4 hours and a capital expenditure requirement of \$3.1 billion. The route via Shepparton would have a longer transit time of 21.3 hours, at a cost of \$3.6 billion. There are considerable additional costs for the latter route due to the level of new rail infrastructure construction required.

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203 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, pp.13-14.

204 Port of Melbourne Corporation, Transcript, 27 July 2005, Melbourne, p.37 and P&O Ports Limited, Transcript, 21 November 2005, Sydney, p.23.

205 P&O Ports Limited, Transcript, 21 November 2005, Sydney, p.32.

206 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.14.

207 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.12.

208 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 1, p.9.



However, the Shepparton route offers other advantages. It would accommodate trains of 1,800 metres and longer, and would allow double stacking of containers.<sup>209</sup> If the route via Albury is selected, containers could not be double-stacked until they reach Juneec.

### *Albury*

- 6.167 Located on the Hume Highway corridor, Albury is well situated to service Eastern seaboard freight movements. A national distribution centre, Logic Wodonga,<sup>210</sup> is currently located 14 km West of Wodonga.<sup>211</sup> It is designed and purpose built to attract major businesses in distribution, warehousing, transport and logistics, and manufacturing. Woolworths, Toll, and national transport company Border Express have already committed to services at the site.<sup>212</sup> The total area is over 440 hectares and is owned by the Council, except for portions of land already sold to current tenants.<sup>213</sup>
- 6.168 A rail line directly adjacent to the south boundary links directly to the Port of Melbourne and Port Botany. The terminal is also capable of handling B-doubles and connects to Melbourne and Sydney on the Hume Freeway and Adelaide via the Murray Valley Highway.<sup>214</sup> The proposed rail terminal is expected to have an annual operating capacity of 100,000 TEUs.<sup>215</sup>
- 6.169 The Victorian Government has granted the project State significant status and has provided \$6 million in funding towards constructing the proposed rail terminal and contributing to services. The Wodonga Council has invested more than \$20 million in Stage One of the project; purchasing the site, and providing utility services and roads. A further expenditure of \$20 million has been committed for developing Stage Two, which includes developing the rail terminal.<sup>216</sup>
- 6.170 A range of economic and social benefits are anticipated with the development of the rail terminal. These include: supporting a modal

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209 Ernst & Young, et al, *North-South Rail Corridor Study Executive Report*, 30 June 2006, pp.11 and 15-17.

210 Information on the Logic Wodonga project is available at <http://www.logicwodonga.com.au>, accessed 2 April 2007.

211 Wodonga City Council, Submission 78, p.1.

212 Wodonga City Council, Submission 78, p.3.

213 Wodonga City Council, Submission 78, p.2.

214 Wodonga City Council, Submission 78, p.2.

215 Wodonga City Council, Submission 78, p.3.

216 Wodonga City Council, Submission 78, p.3.

shift to rail, reducing truck movements, more efficient linking of road, rail and ports, local employment and regional economic growth.<sup>217</sup>

6.171 The Wodonga City Council stressed that:

To enable Logic Wodonga and other like regional initiatives the partnership of Commonwealth and State Governments is essential in providing establishment funding.<sup>218</sup>

### *Shepparton*

6.172 The Victorian food industry is facing transport infrastructure and logistics challenges due to the industry's high growth rate.<sup>219</sup> The Shepparton region boasts a large concentration of manufacturing businesses, which are significant exporters of canned and processed food products.

6.173 The Maroopna rail yard facility, located 5 km outside of Shepparton, is the main urban terminal servicing the import-export system. The current facility takes 24,000 TEUs annually, of which 90 per cent travel to Melbourne for export and the remainder to the Western Australian domestic market.<sup>220</sup> However, this Patrick owned terminal is limited in size.<sup>221</sup>

6.174 The Greater Shepparton City Council has proposed a new IMT development, as an opportunity to pursue economic growth and ensure that regional freight needs are met. The development of the Goulburn Valley Freight and Logistics Centre is part of Greater Shepparton's economic development strategy. The Council is working with the Victorian Government, the Port of Melbourne, freight operators and industry on this project.<sup>222</sup> The Victorian Government and the Council have each provided \$50,000 for an economic analysis of the proposed Shepparton hub.<sup>223</sup>

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217 Wodonga City Council, Submission 78, p.5.

218 Wodonga City Council, Submission 78, pp.3-5.

219 Business Victoria, [http://www.business.vic.gov.au/BUSVIC/STANDARD/1001/PC\\_60174.html](http://www.business.vic.gov.au/BUSVIC/STANDARD/1001/PC_60174.html), accessed 3 April 2006.

220 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.37.

221 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.66.

222 Transport.Industry-News.net, *Shepparton freight hub on track*, 4 September 2006.

223 Department of Premier and Cabinet, Minister for State and Regional Development, *Study into Proposed Shepparton Freight Hub*, Media Release, 31 August 2006.

- 6.175 The City of Shepparton is already a significant location for road freight movements. However, because of the lack of rail connectivity within Victoria and its neighbouring states, container movements from Shepparton cannot access Port Melbourne directly by rail. Freight heading to the port from Shepparton and parts of South Australia, must make at least part of the journey by road.<sup>224</sup> Consequently, significant investment in rail infrastructure to connect the hub to the port and into the national network is required to ensure the viability of a Shepparton hub.
- 6.176 The Alliance of Councils for Rail Freight Development argued that there is considerable merit in an inland rail route via Shepparton. Riverina producers, in particular, are keen to see rail reinstated in the region to offer an alternative to increasing road movements.<sup>225</sup>

#### *Thurla*

- 6.177 The Mildura and Riverland region is well positioned for servicing NSW, Victoria and South Australia. Eighty per cent of the Australian population is located within one day's land transport of the City of Mildura. Estimates indicated that 10 per cent of national agricultural exports originate from this region.<sup>226</sup> Accordingly, the Mildura corridor has been recognised as a corridor of national economic importance under the AusLink program.
- 6.178 The current Merbein facility's long-term capacity is limited by size and a location that restricts expansion. Thurla has been identified as a potential site for a new intermodal facility. The plan includes relocating the region's major freight operations to Thurla. The Mildura Rural City Council has arranged appropriate zoning of the industrial land and pursued mechanisms to minimise impact on surrounding residential areas. This 24 hour facility and industrial park, could create a centralised point to attract produce from the entire region. It would provide efficient freight handling and turnaround, and associated storage, refrigeration and container park services.<sup>227</sup>

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224 Alliance of Councils for Rail Freight Development, Submission 26, p.1.

225 Alliance of Councils for Rail Freight Development, Transcript, 26 July 2005, Portland, p.26.

226 Mildura Rural City Council, Wentworth Shire Council, Sunraysia Area Consultative Committee and Sunraysia Mallee Economic Development Board, Submission 22, p.1.

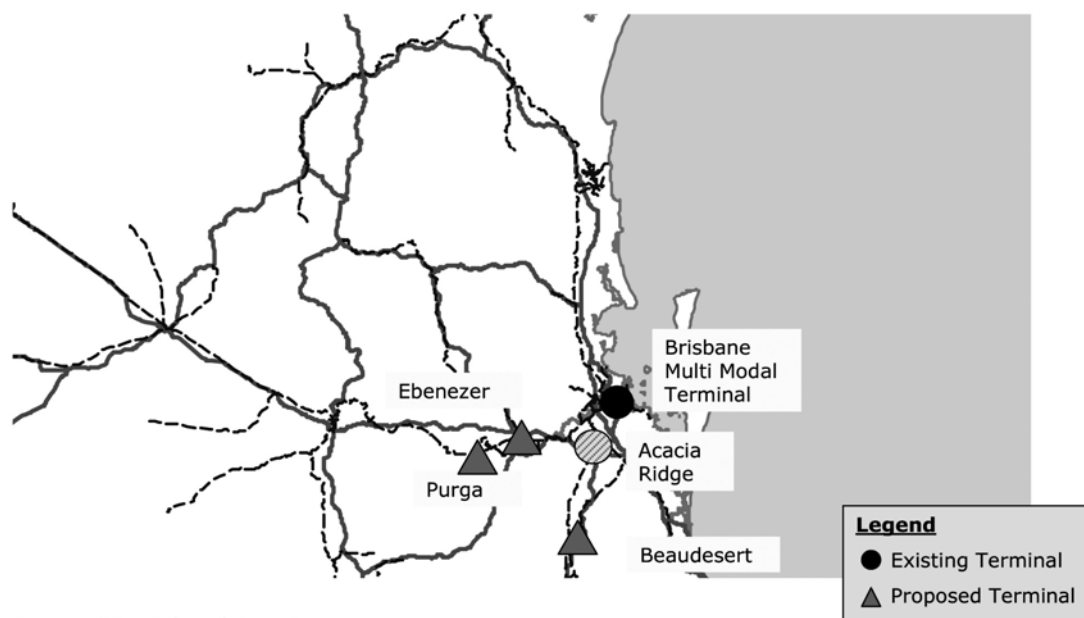
227 Mildura Rural City Council, Wentworth Shire Council, Sunraysia Area Consultative Committee and Sunraysia Mallee Economic Development Board, Submission 22, p.5.

- 6.179 A feasibility study into the Mildura Transport Strategy – which includes the IMT proposal – was completed in May 2005. It revealed that developing the Thurla intermodal facility would provide significant economic advantages.<sup>228</sup>
- 6.180 However, the Mildura area has low quality road and rail infrastructure and transport infrastructure upgrades would be an essential part of this intermodal development.<sup>229</sup>

## Queensland

### Metropolitan terminals

Figure 6.5 Intermodal facilities, Metropolitan Queensland



Source: Meyrick and Associates

Source: Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.22.

- 6.181 Two IMTs operate in the Brisbane area; the Acacia Ridge terminal and the Brisbane Multimodal Terminal (BMT) at Port Brisbane, which is also connected to a well-developed system of regional terminals.<sup>230</sup> However, while there are currently no major physical impediments to

228 ABC Online, *Study offers support to Mildura transport plan*, posted 27 May 2005.

229 Mildura Rural City Council, Wentworth Shire Council, Sunraysia Area Consultative Committee and Sunraysia Mallee Economic Development Board, Submission 22, p.1.

230 Queensland Transport, Transcript, 6 April 2006, Brisbane, p.12.

the Brisbane port-oriented system, it is anticipated that future growth will be limited by the availability of train paths into the facility.<sup>231</sup>

- 6.182 Queensland Transport said it believed that there is probably sufficient capacity for the next five to ten years, but beyond that a third or fourth terminal would be needed.<sup>232</sup> The Committee noted that work is already being done to address this eventuality, with the Queensland Government exploring Purga and Bromelton as possible future IMT sites.<sup>233</sup> In evidence to the Committee, the Ipswich City Council stressed the complementary nature of the Purga and Bromelton proposals.<sup>234</sup>

#### *Brisbane Multimodal Terminal*

- 6.183 The BMT currently has an annual throughput of around 100,000 TEUs. However, cargo levels are expected to grow between 7 and 10 per cent a year. The BMT primarily services international cargo movements and does not provide empty container storage or ancillary services. Meyrick and Associates suggested that further development of this facility could lead to an increase in annual capacity to 500,000 TEUs.<sup>235</sup>

#### *Acacia Ridge*

- 6.184 Brisbane's intermodal terminals are currently centred on the Acacia Ridge terminal, which is located 15 km from the Brisbane CBD. The *North-South Corridor Study* revealed:

The Queensland government is planning to increase rail capacity through the Brisbane metropolitan network to the Port of Brisbane with signalling upgrades and crossing loops. This will increase the capacity for freight movement between Acacia Ridge and Fisherman Islands.

The proposed grade separation of Beaudesert Road will enable the Acacia Ridge facility to expand southwards to provide two tracks 1,500 metres long. The estimated total throughput at Acacia Ridge is in the order of 380,000 TEU per annum for combined narrow gauge and standard gauge activities although industry sources advise that there is scope

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231 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.66.

232 Queensland Transport, Transcript, 6 April 2006, Brisbane, p.13.

233 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.9.

234 Ipswich City Council, Transcript, 7 April 2006, Toowoomba, p.49.

235 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.43.

to increase capacity at the terminal to at least 750,000 TEU per annum.<sup>236</sup>

- 6.185 However, the Acacia Ridge facility is constrained by residential encroachment. King and Co. commented:

Acacia Ridge has a use-by date. It is as simple as that.<sup>237</sup>

- 6.186 The QR owned terminal at Acacia Ridge is managed by P&O Ports, as an independent operator. This arrangement requires other rail operators to seek access to the existing facilities.<sup>238</sup> Access arrangements to the terminal were the subject of court proceedings last year. Consequently, the Beaudesert Shire Council suggested it is one of the factors motivating Pacific National to explore other options, such as Bromelton.<sup>239</sup>

## Regional terminals

### *Bromelton*

- 6.187 Bromelton is located 50 km south of Acacia Ridge on a standard gauge rail line and has direct access to the Port of Brisbane. It is being considered as a potential site for an intermodal facility in large part due to the lower cost and ready availability of land, in sharp contrast to Acacia Ridge.<sup>240</sup>

- 6.188 Mr Vince O'Rourke, former Queensland Rail CEO, observed:

Acacia Ridge still has a lot of capabilities, but I think that around Bromelton there could be a major inland port that would feed the Port of Brisbane. We have already seen QR and P&O get together.<sup>241</sup>

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236 Ernst & Young, et al, *North-South Rail Corridor Study Executive Report*, 30 June 2006, p.67.

237 King & Co. Property Consultants, Transcript, 6 April 2006, Brisbane, p.44. See also Submission 156, pp.5 and 7.

238 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.9.

239 Beaudesert Shire Council, Transcript, 6 April 2006, Brisbane, p.60.

240 Australian Trucking Association, Transcript, 7 April 2006, Toowoomba, p.52.

241 Mr Vince O'Rourke, Transcript, 1 August 2006, Sydney, p.19.

- 6.189 The Southern Regional Organisation of Councils considers Bromelton to be the most logical gateway for freight movements in the South Eastern Queensland Region. The Beaudesert Shire Council has reserved land for this development and has been examining potential and compatible road transport corridors, to complement existing standard gauge rail connections.<sup>242</sup>
- 6.190 Double stacking is possible on the interstate rail line to Bromelton. The surrounding area is zoned for industrial purposes and so will not have the problems of residential proximity that other facilities are experiencing. The Queensland Government suggests that development of a hub at Bromelton could commence by 2010.<sup>243</sup>
- 6.191 The *National Intermodal Terminal Study* stated:
- Information provided by the Queensland Coordinator General's office indicates that there is significant private sector interest in developing an intermodal terminal in the Bromelton region, with at least four project proponents. The Queensland Government, together with the local council, is currently developing a master plan for the area which will determine which (if any) of these projects will proceed.<sup>244</sup>
- 6.192 The *North-South Corridor Study* indicated that the extra freight capacity that an IMT at Bromelton would offer the region "...may partially offset future constraints at Acacia Ridge".<sup>245</sup>

### *Purga*

- 6.193 Purga is also being investigated as a potential intermodal facility site to service the freight needs of the South Eastern Queensland region and the Port of Brisbane.<sup>246</sup>
- 6.194 According to King & Co., Purga's location in Ipswich places it "...within an ideal triangle of the sites that are going to be the most dominant in the next 10 years, as serviced industrial land is running out in Brisbane".<sup>247</sup> King & Co. could see an opportunity to integrate

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242 Southern Regional Organisation of Councils, Submission 60, p.2.

243 Queensland Office of Urban Management, <http://www.oum.qld.gov.au/?id=469>, accessed 10 April 2007.

244 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.22.

245 Department of Transport and Regional Services, *North-South Rail Corridor Study - Detailed Study Report*, Ernst and Young, ACIL Tasman and Hyder Consulting, Chapter 5, p.25.

246 Ipswich City Council, Submission 160, p.1.

247 King & Co. Property Consultants, Transcript, 6 April 2006, Brisbane, p.44.

road transport into the facility's operations in a way that may not be possible at the Acacia Ridge terminal. The company depicted:

...a 24 hour seven day a week operation that can store or on/off load an almost unlimited number of containers via an automated system, including double stacked, which would be available via the Toowoomba Range bypass.<sup>248</sup>

- 6.195 It predicted that the development of an IMT at Purga would diminish the dominance of the Acacia Ridge terminal and eventually see the latter relegated to servicing secondary and tertiary trucking.<sup>249</sup>
- 6.196 King & Co. claimed that investigations into the viability of the terminal indicate that this development "...would more than pay for itself".<sup>250</sup> The company strongly recommended land banking<sup>251</sup> to ensure sufficient land is available for associated services, buffer zones and rail corridors.<sup>252</sup> The relatively flat topography and size of the site could accommodate the sidings required by long distance trains.<sup>253</sup>
- 6.197 The Queensland Department of State Development is already investigating additional rail freight corridors to link Purga to the existing Brisbane-Sydney line. However, the routes being considered seem to have considerable impediments. King & Co. is proposing a link from Purga to the Port and the construction of on-off ramps at Larapinta Junction, to allow sufficient height for double stacking.<sup>254</sup>
- 6.198 However, the Beaudesert Shire Council argued that a significant investment would be required to extend the standard gauge rail line to Ebenezer or Purga.<sup>255</sup>

*Other suggested facilities*

- 6.199 It has been suggested that there is potential to develop Gladstone as a non-bulk intermodal terminal that could link into a future inland rail.<sup>256</sup> RTSA contended that with Gladstone's long-standing as a

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248 King & Co. Property Consultants, Submission 156, p.9.

249 King & Co. Property Consultants, Transcript, 6 April 2006, Brisbane, p.45.

250 King & Co. Property Consultants, Transcript, 6 April 2006, Brisbane, p.47.

251 Land banking is the strategic acquisition of land, which is then held for use in the future.

252 King & Co. Property Consultants, Submission 156, p.10.

253 King & Co. Property Consultants, Submission 126, p.3.

254 King & Co. Property Consultants, Submission 156, p.10 and Submission 126, pp.2-3 and 8.

255 Beaudesert Shire Council, Transcript, 6 April 2006, Brisbane, p.63.

256 Mr Vincent O'Rourke, Transcript, 1 August 2006, Sydney, p.20 and Railway Technical Society of Australasia, Transcript, 1 August 2006, Sydney, p.12.



transport hub and associated traditions of transport management, it is well-placed to tackle the planning and practical requirements of a substantial intermodal facility.<sup>257</sup>

- 6.200 The Western Downs Regional Organisations of Councils highlighted the need for a rail link from the Darling Downs to Gladstone, through Wandoan and past Taroom. They considered this to be a “missing link” in Queensland’s transport infrastructure.<sup>258</sup> This link would provide opportunities to integrate the area into regional and wider networks.
- 6.201 Toowoomba has also been suggested for a potential development, with a site chosen at Charlton, as an intermodal interface already exists there.<sup>259</sup> Also, if the far western route is selected the proposed inland rail could pass through Toowoomba (or Warwick), thus positioning it on a major corridor network.<sup>260</sup>
- 6.202 However, ATEC suggested that the cost and associated problems of linking Toowoomba to the Port of Brisbane are significant obstacles:<sup>261</sup>

The high cost of obtaining an acceptable route through the Toowoomba ranges is a major inhibitor to the Sub-Corridor. Modelling suggests that it is possible to achieve a transit time of less than 27 hours without the Toowoomba range rail deviation, albeit with a line subject to significant speed restrictions in key sections that will adversely influence its operational viability and competitiveness.<sup>262</sup>

### Inland rail

- 6.203 An inland rail would significantly change North-South and East coast transport networks. Hubs would be a necessary part of this development.<sup>263</sup>
- 6.204 The Association of Australian Ports and Marine Authorities considers it inevitable, that if the North-South inland rail goes ahead, hubs will
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257 Railway Technical Society of Australasia, Transcript, 1 August 2006, Sydney, p.12.

258 Western Downs Regional Organisation of Councils, Transcript, 7 April 2006, Toowoomba, p.62.

259 Australian Trucking Association, Transcript, 7 April 2006, Toowoomba, p.51.

260 Department of Transport and Regional Services, *North-South Rail Corridor Study – Detailed Study Report*, Ernst and Young, ACIL Tasman and Hyder Consulting, Chapter 1, p.9.

261 Australian Transport and Energy Corridor, Transcript, 9 November 2005, Canberra, p.6.

262 Department of Transport and Regional Services, *North-South Rail Corridor Study – Detailed Study Report*, Ernst and Young, ACIL Tasman and Hyder Consulting, Chapter 1, p.15.

263 Australasian Railway Association, Transcript, 10 August 2005, Canberra, p.15.

be built along it, in places like Shepparton, Parkes, Moree and Toowoomba.<sup>264</sup>

Terminals along an inland rail line, for example, are imperative because you have great efficiencies by bringing short-haul distances to a terminal and then putting it on rail to distribute it to other places.<sup>265</sup>

- 6.205 Ernst and Young suggested that an inland route – if complemented by strategically located hubs – may reduce the amount of additional terminal capacity required in the Sydney area.<sup>266</sup>
- 6.206 Overall, the *North-South Rail Corridor Study* found that regional terminal capacity should not be an impediment to the development of the corridor.<sup>267</sup>

## East-West corridor

- 6.207 New South Wales and Victorian intermodal facility arrangements also impact upon East to West freight movements. The intermodal priorities for these States have been covered in preceding discussion of the North-South route.

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264 Association of Australian Ports and Marine Authorities, Transcript, 21 November 2005, Sydney, p.20.

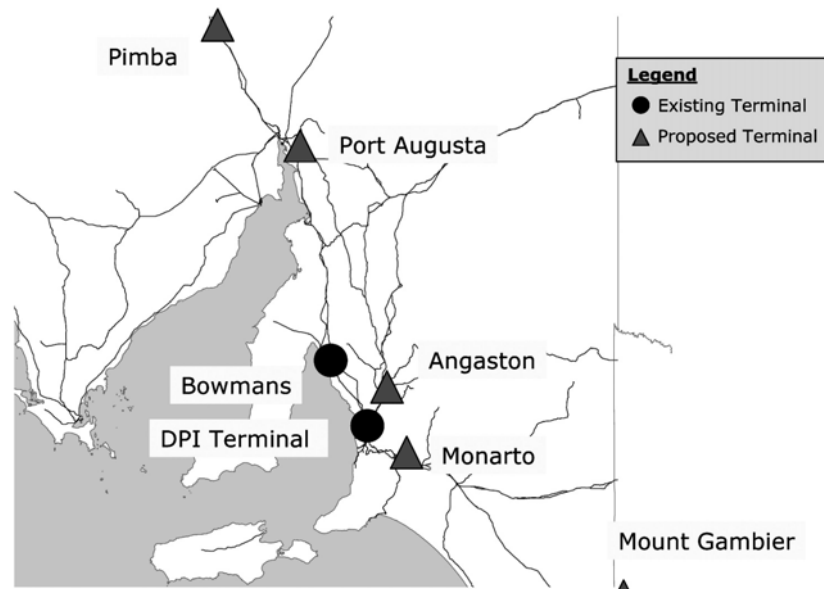
265 Association of Australian Ports and Marine Authorities, Transcript, 21 November 2005, Sydney, p.20.

266 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.10.

267 Ernst & Young, et al, *North-South Rail Corridor Study – Detailed Study Report*, 30 June 2006, Chapter 5, p.28.

## South Australia

Figure 6.6 Intermodal facilities, South Australia



Source: Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.24.

- 6.208 South Australia's intermodal facilities are located at Outer Harbour in Port Adelaide and at the Bowmans terminal, which is approximately an hour North-West of Adelaide. The Dubai Ports World-owned Outer Harbour facility, is used by Patrick and Great Southern Rail for import and export freight movements. Outer Harbour is accessed by a single track, which leads to some track congestion.<sup>268</sup> Chapter 3 discusses the constraints and project requirements of Port Adelaide.
- 6.209 The *National Intermodal Terminal Study* indicated that there are several prospects for future terminal development in South Australia. Potential sites include Pimba, Port Augusta, Angaston and Monarto. However, current and future regional terminals generally, would have limited scope for backhaul cargos, with the exception of the Olympic Dam and Barossa Valley areas.<sup>269</sup>
- 6.210 Work is currently being undertaken by local government and industry at the Port Augusta site.<sup>270</sup> It certainly merits consideration,

268 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.68.

269 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, pp.23 and 68-69.

270 Department of Transport and Regional Services, *AusLink: Perth-Adelaide Corridor Strategy*, Draft, p.11.

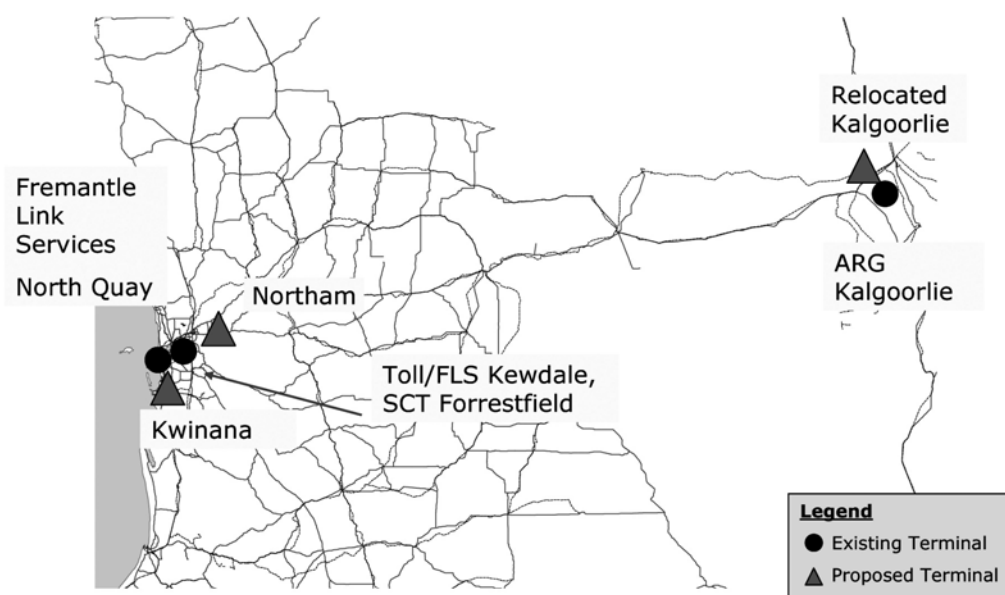
as it is well positioned to service East-West freight movements and future South-North movements to and from Darwin.

- 6.211 At this stage, however, evidence received and other relevant reports, have not revealed any urgency for developing further intermodal facilities in South Australia.

## Western Australia

- 6.212 A number of IMTs, planned and coordinated as part of a state and national freight transport network strategy, may be an effective approach to addressing the difficulties caused by the considerable distances between Western Australia's regional centres.<sup>271</sup>
- 6.213 The Committee notes that the WA Government already plays a role in intermodal terminal development, which includes strategic land use planning and the development and implementation of transport policy. However, there are obstacles to IMT and rail development in the State, including relatively low levels of freight and issues surrounding the viability of the grain rail networks.<sup>272</sup>

Figure 6.7 Intermodal facilities, Western Australia



Source: Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.23.

271 Western Australian Local Government Association, Submission 35, p.11.

272 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.49.

## Metropolitan

6.214 The draft *Perth Urban Corridor Strategy* forecast:

Road freight activity between major existing and planned intermodal terminals and freight nodes along the corridor is expected to increase by between 3 and 4 per cent per year to 2018, and then by between 2 and 3 per cent to 2025. Rail freight is expected to increase by between 3.5 per cent and 4.5 per cent per year.<sup>273</sup>

6.215 DOTARS acknowledged that:

There is an issue in Perth – as there is in other major cities – about the future terminal situation, access to the terminals and the capacity of the terminals.<sup>274</sup>

6.216 One of the short-term (by 2015) strategic priorities of the draft strategy is to:

Facilitate the development of the intermodal network and associated infrastructure to increase capacity and operational efficiency for both road and rail freight in areas such as Hope Valley/Wattleup, Fremantle Ports Outer Harbour, the Kewdale/Forrestfield/Hazelmere area, and Perth Airport.<sup>275</sup>

## Kewdale

6.217 Five of the six terminals identified in Western Australia as terminals of national significance, are urban facilities based in the Kewdale area. There is the Sadleirs terminal, the co-located Pacific National Kewdale and Fremantle Link Services, Freight Link Services in North Fremantle and SCT Forrestfield. The SCT and Sadleirs terminals are private operations, while the others are on land owned by the WA Government.<sup>276</sup>

6.218 A significant portion of Western Australia's raw materials, minerals, agricultural products and dry bulk goods movements travel through the Eastern metropolitan region. They move by both road and rail, to

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273 Department of Transport and Regional Services, *AusLink: Perth Urban Corridor Strategy*, Draft, p.i.

274 Department of Transport and Regional Services, Transcript, 17 August 2005, Canberra, p.6.

275 Department of Transport and Regional Services, *AusLink: Perth Urban Corridor Strategy*, Draft, p.23.

276 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.49.

the major grain handling facility and the Kewdale and Forrestfield terminals.<sup>277</sup>

- 6.219 Meyrick and Associates informed the Committee that the Pacific National Kewdale terminal is one of the most efficient intermodal facilities in Australia.<sup>278</sup> Pacific National is undertaking a \$10 million upgrade of the facility, with a view to better managing the forecast increase in freight demand. These road, rail and terminal infrastructure improvements are expected to triple its current capacity.<sup>279</sup>
- 6.220 However, other Kewdale terminals are not all so effective. For example, the Fremantle Link Services terminal is constrained by rail siding limitations that require significant on-site shunting.<sup>280</sup>
- 6.221 A forecast rise to 31,000 TEUs within five years has prompted Sadleirs Kewdale to redesign and restructure the terminal. This includes additional rail lines, the conversion of some narrow gauge lines, and expansion of their complementary terminal facilities servicing non-containerised goods.
- 6.222 The possibility of an IMT in Kewdale, linked to the wharf, is also being explored.<sup>281</sup>

### *Kwinana*

- 6.223 The *National Intermodal Terminal Study* suggests that a number of factors – the overflow at Kewdale, demand from the industrial facilities in the area and the development in the Outer Harbour – have motivated the WA Government to investigate additional terminal sites.<sup>282</sup>

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277 Eastern Metropolitan Regional Council, Submission 41, pp.2-3.

278 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.4.

279 Australian Logistics Council, *Infrastructure Action Agenda 2006*, p.75.

280 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.51.

281 Fremantle Ports, Transcript, 10 March 2006, Perth, p.37.

282 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.73.

- 6.224 Meyrick and Associates commented that Kwinana or the Hope Valley area, are the only metropolitan locations outside of Kewdale potentially suitable for a new intermodal facility.<sup>283</sup> The WA Government is exploring possible site options in Kwinana.<sup>284</sup>

#### Regional (Kalgoorlie-Boulder)

- 6.225 Kalgoorlie's location at the junction of the Lenora to Esperance rail line and the Trans-Australian East-West artery, recommends it as a strategic intermodal site. The Shire of Esperance supports the concept of a hub in the Kalgoorlie region:

[It] seems obvious and logical. It is a crossroads to what is happening. It seems ridiculous to me how much product goes to Perth. We get it carted back here and back into Kalgoorlie even, so we fully support the intermodal project up there.<sup>285</sup>

- 6.226 There are two main IMT options for the Kalgoorlie-Boulder region; the development of a complementary facility near to the existing ARG terminal, or the construction of a new terminal at Parkeston.<sup>286</sup>

- 6.227 The *Kalgoorlie Inter-modal Freight Facility Study* report was released in June 2006. It considered the merits of these alternative sites and selected West Kalgoorlie as the preferred site, if a second terminal is to be developed in the region.<sup>287</sup> But the Kalgoorlie-Boulder City Council and other stakeholders referred it back to the authors for review.

- 6.228 Subsequently, it was reported that the West Kalgoorlie facility was constrained, to the extent that it was unable to carry out the future freight task. Furthermore, stakeholders concluded that Parkeston was the preferred option.

#### *Kalgoorlie*

- 6.229 The Kalgoorlie IMT is the only non-urban terminal in Western Australia identified by Meyrick and Associates and ARUP as a

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283 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.9.

284 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.73.

285 Shire of Esperance, Transcript, 9 March 2006, Esperance, p.17.

286 City of Kalgoorlie-Boulder, Transcript, 9 March 2006, Esperance, p.24.

287 Department for Planning and Infrastructure, WA, *Kalgoorlie Inter-modal Freight Facility Study*, Final Report, ARRB Group and SD&D, June 2006, pp.46-47. The report contains a useful table comparing the Kalgoorlie and Parkeston options.

terminal of national significance. Facility operator, ARG, is predicting freight movements through the site to double within five years.<sup>288</sup>

6.230 The Kalgoorlie-Boulder hub services the Goldfields-Esperance region of Western Australia. This IMT is centrally located in the region and is in proximity to the Perth-Adelaide National Highway. It acts both as a transport hub and a provider of industrial and technical services to the mining industry.<sup>289</sup>

6.231 In particular, it links the region to the Port of Esperance. Mining and agricultural products are transported by rail to the port. Significant increases in nickel and iron ore freight movements are anticipated from the development of nickel projects in the Goldfields region and expansion of the Koolyanobbing project.<sup>290</sup>

6.232 The redevelopment proposal would involve construction of an intermodal facility and local and regional road and rail link upgrades, to facilitate access.<sup>291</sup>

6.233 The *National Intermodal Terminal Study* noted that it would be possible to increase the capacity of the facility to three times its current operational level. This could be achieved by increasing operating hours (currently 12 hours per day), the site area, and by improving on-site technology.<sup>292</sup> However, the City of Kalgoorlie-Boulder was sceptical about whether planned upgrades will lead to any real efficiency improvements.<sup>293</sup>

6.234 The City of Kalgoorlie-Boulder commented:

We are being told by the industry that there is no incentive for them to offload in Kalgoorlie-Boulder because, once they are on the rail network, they are basically paid to go down to Perth.<sup>294</sup>

6.235 The Committee noted advice received that:

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288 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, pp.49 and 72.

289 Chamber of Commerce and Industry Western Australia, Submission 19, p.6.

290 Chamber of Commerce and Industry Western Australia, Submission 19, p.6.

291 Western Australian Local Government Association, Submission 35, p.12.

292 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.72.

293 City of Kalgoorlie-Boulder, Transcript, 9 March 2006, Esperance, p.23.

294 City of Kalgoorlie-Boulder, Transcript, 9 March 2006, Esperance, p.24.



...it would be important for the committee to understand and get the opinions of what the above-rail operators think about dropping off freight in Kalgoorlie, leaving wagons there and then having to pick them up, potentially empty, and take them back to the eastern states. I think that is a key issue that would need to be considered.<sup>295</sup>

### *Parkeston*

- 6.236 The proposed site at Parkeston is located 8 km East of Kalgoorlie-Boulder, and is the junction at which trains must stop to refuel for trans-continental trips.<sup>296</sup>
- 6.237 Project proponents argued that a Parkeston hub would reduce costs for transporters.<sup>297</sup> However, additional freight from the proposed hub would be a further strain on the ageing rail link to Esperance, already under pressure from Koolyanobbing iron ore movements.<sup>298</sup>
- 6.238 The Esperance Shire Council, Esperance Port Authority and Goldfields Esperance Commission, all argued for the development of a new common user access facility in Kalgoorlie. They envisaged non-discriminatory access for all road and rail users. While initially a small terminal, they claimed that it should be able to deliver competitive charges and efficiency gains.<sup>299</sup> However, the ARRB Group suggest that a truly 'common user' terminal is unlikely:

A true 'common user' terminal would need to be owned and operated by a government agency, but would still possibly encounter pressure from its rail operator 'partners' for exclusive rights in order to gain favourable terms.

In practice, the second terminal may need to be run explicitly in partnership with Pacific National, since it dominates national freight, and AWR/QR will be [serviced] by its own facility.<sup>300</sup>

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295 WestNet Rail, Transcript, 9 March 2006, Esperance, p.64.

296 Goldfields Esperance Area Consultative Committee, Submission 163, pp.1-3.

297 Goldfields Esperance Area Consultative Committee, Submission 163, p.2.

298 Goldfields Esperance Area Consultative Committee, Submission 163, p.4.

299 Esperance Shire Council, Esperance Port Authority and Goldfields Esperance Development Commission – Joint Submission, Submission 27, p.14.

300 Department for Planning and Infrastructure, WA, *Kalgoorlie Inter-modal Freight Facility Study*, Final Report, Executive Summary, ARRB Group and SD&D, June 2006, p.2.

- 6.239 The ARTC currently controls the land, but does not rank a potential Parkeston facility high on its list of intermodal hub priorities.<sup>301</sup> The proposal strategy outlines a land transfer from the ARTC to a port authority-style management structure.<sup>302</sup>
- 6.240 In June 2006, the feasibility study was completed on the scale and nature of current and future freight demand and the suitability of current intermodal facilities serving the Kalgoorlie-Boulder region. The study revealed that a new intermodal development at either site would cost around \$6 to \$7 million and that the terminal may operate at a loss. The report concluded that there was currently no strong case for the development of a new intermodal freight terminal:<sup>303</sup>
- There is no clear consensus in the community on whether to develop a second terminal, how it should be funded and operated, and where it should be sited.<sup>304</sup>
- 6.241 The report did find that a second terminal in the region may be necessary in the future, but that it would be dependant on the ongoing competitive behaviours of new rail operators.<sup>305</sup>
- 6.242 The Committee was pleased to note that the WA Government is working with the City of Kalgoorlie-Boulder to ensure that, if the freight industry or local stakeholders decide to develop a second terminal in the future, land can be made available for this development.<sup>306</sup>

#### Other IMT possibilities

- 6.243 The Eastern Metropolitan Regional Council stated:

The Perth Airport Master Plan (2004) identifies the opportunity for a 'greenfield' intermodal development in the airport precinct. Considering the forecast increase in containerised freight, international and interstate air freight

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301 Australian Rail Track Corporation, Transcript, 1 March 2006, Canberra, p.16.

302 Goldfields Esperance Area Consultative Committee, Submission 163, p.2.

303 Department for Planning and Infrastructure, WA, *Kalgoorlie Inter-modal Freight Facility Study*, Final Report, ARRB Group and SD&D, June 2006, p.46.

304 Department for Planning and Infrastructure, WA, *Kalgoorlie Inter-modal Freight Facility Study*, Final Report, ARRB Group and SD&D, June 2006, p.ii.

305 Department for Planning and Infrastructure, WA, *Kalgoorlie Inter-modal Freight Facility Study*, Final Report, ARRB Group and SD&D, June 2006, p.ii.

306 As advised by the WA Department for Planning and Infrastructure on 22 May 2007.

and doubling of interstate rail freight, this option should be seriously considered.<sup>307</sup>

- 6.244 A study by the WA Government revealed that the proposed Albany Inland Freight terminal – despite its potential to significantly reduce truck movements within Albany – is not a commercially attractive option.<sup>308</sup> However, the Albany Port Users Liaison indicated that this project may still be on the agenda.<sup>309</sup>

## Bass Strait corridor

### Tasmania

- 6.245 The *National Intermodal Terminal Study* found that growth in container movements across Bass Strait is expected to remain strong. However, due to the uncertainty of intermodal operations in Tasmania, Meyrick and Associates and ARUP were reluctant to speculate on future intermodal volumes for the State.<sup>310</sup> They described Tasmania's intermodal sector as:

...characterised by complex relationships between different trading ports in northern Tasmania, with an oversupply of both shipping capacity and port infrastructure, and a modern road network competing with a run down rail network between the north and south of Tasmania.<sup>311</sup>

- 6.246 Tasmania has three major IMTs, located in Hobart (Macquarie Point), Burnie and Bell Bay.<sup>312</sup> Each terminal handles more than 10,000 TEUs annually. However, they are all constrained by poor rail access, and inadequate rail layouts that require excessive shunting and double handling.<sup>313</sup> Further, the *National Intermodal Terminal Study* argued:

The fragmented nature of port and shipping services, and the lack of efficient rail freight paths in each of the three ports,

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307 Eastern Metropolitan Regional Council, Submission 41, p.4.

308 Timber 2020, Submission 18, pp.5-6.

309 Albany Port Users Liaison Group, Transcript, 8 March 2006, Albany, p.34.

310 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.iv.

311 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.24.

312 There is also a private terminal (with a private rail siding) at Boyer that handles a variety of input commodities, for example coal and logs.

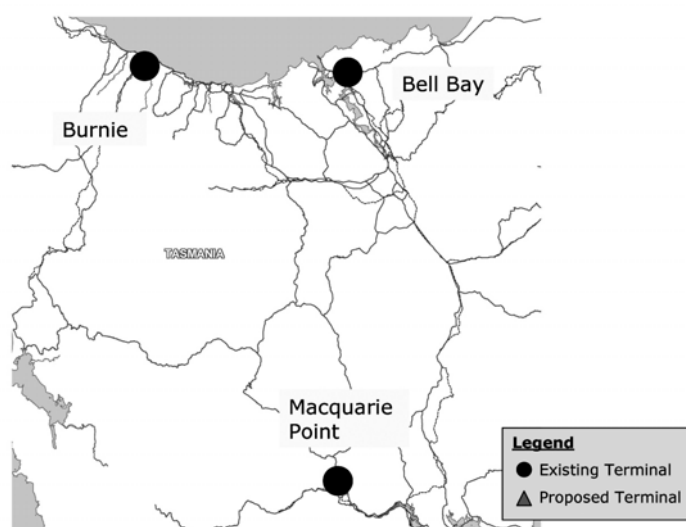
313 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.47.

also pose significant challenges for the development of new intermodal terminals.<sup>314</sup>

6.247 The Study also noted:

[T]here are no specific policies framing the future development of Tasmanian freight transport infrastructure including intermodal terminals. The Tasmanian Government has very little direct role in the intermodal sector. In its view, intermodal planning is managed by the private sector.<sup>315</sup>

Figure 6.8 Intermodal facilities, Tasmania



Source: Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.24.

## Brighton

6.248 A new IMT has been proposed for Brighton, north of Hobart. Pacific National Tasmania maintains that an effective intermodal hub servicing Hobart is essential for state competitiveness.<sup>316</sup> The Area Consultative Committee Tasmania saw this as an opportunity to “...enable rail transport, particularly for containerised cargo, to become a more viable and attractive transport choice”.<sup>317</sup>

314 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.46.

315 Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.83.

316 On a per capita basis, Tasmania is two and a half times more dependent on intermodal connections than other Australia States or Territories. Pacific National, Submission 48, Attachment 1, p.iii.

317 Area Consultative Committee Tasmania, Submission 82, p.3.

- 6.249 In AusLink's draft corridor strategy for Tasmania, the Brighton facility and associated road and rail connections were identified as short-term strategic priorities for the State for 2008-15.<sup>318</sup>
- 6.250 Pacific National and Toll Holdings have purchased land and conducted a feasibility study into the proposed hub.<sup>319</sup> The site would allow twenty-four hour train turnaround, which would double locomotive asset utilisation.<sup>320</sup>
- 6.251 Anticipated benefits of the proposed facility include: increased efficiency in cargo movements entering and leaving the State, and reducing reliance on road freight on the National Network and arterial roads.<sup>321</sup>
- 6.252 Construction costs for freight forwarding industry facilities, including onsite cross docking and warehousing, are estimated at between \$15 and \$20 million. Additional rail infrastructure is also required. Estimates indicated that the rail component alone will cost approximately \$9 million.<sup>322</sup> Negotiating access arrangements with the Midlands Highway, which is part of the National Network, will also significantly affect the viability of the venture.<sup>323</sup>
- 6.253 However, Pacific National claimed that this site cannot go ahead if it has to continue to fund rail network maintenance and upgrades and service the three ports.<sup>324</sup>
- 6.254 In the 2006-07 Budget, the Australian Government committed \$441.7 million for land transport funding in Tasmania over the first five years of AusLink, under the National Land Transport Plan. This meant \$77.3 million for land transport infrastructure in Tasmania in the 2006-07 financial year.
- 6.255 AusLink projects include upgrades to the East Tamar and Bass Highways, and mainline railway network. The Australian Government also indicated a possible further contribution of \$3.7 million towards the cost of road and rail terminal expansions at Bell
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318 Department of Transport and Regional Services, *AusLink: Tasmanian Corridor Strategy*, Draft, p.32.

319 Government of Tasmania, Submission 53, p.4.

320 Pacific National Tasmania, Submission 7, p.2 and Pacific National, Submission 48, Attachment 1, p.ii.

321 Pacific National Tasmania, Submission 7, p. 2 and Pacific National, Submission 48, Attachment 1, p.ii.

322 Pacific National Tasmania, Submission 7, p.7.

323 Government of Tasmania, Submission 53, p.4.

324 Pacific National Tasmania, Submission 7, p.2.

Bay, and \$5 million for the development of the Brighton facility.<sup>325</sup> To date, only a small portion of the \$77.3 million allocation has been spent, however, a capital investment program is expected to be underway in August 2007.<sup>326</sup>

- 6.256 The Tasmanian Government, in its 2007-08 Budget, has committed to pursuing the development of the Brighton hub. It anticipates that this hub will significantly increase efficiency of road and rail movements, halve the rail travel time between Hobart and Burnie, and reduce vehicle congestion on the Brooker Highway.<sup>327</sup>
- 6.257 The Tasmanian Government's National Transport Network Investment Program for 2007-15 is providing \$70 million over the period 2007-11 for the development of the Brighton intermodal facility and \$146 million for the Brighton Bypass and upgrade to the East Derwent Highway (approximately 9.5 kilometres). However, the State Government stresses that this funding only represents 20 per cent of the first construction phase.<sup>328</sup>

## Northern Territory

### Darwin

- 6.258 While not currently a priority concern, the Freight Link terminals at Berrimah and East Arm may warrant attention in the future, if rail connections between Darwin and the rest of Australia are further developed and the port attracts more import and export freight movements.
- 6.259 The Berrimah terminal is a basic freight transfer facility, with a few ancillary services. It can accommodate 1800 m trains and handles between 80,000 and 100,000 TEUs each year, made up primarily of domestic freight.

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325 Source:

[http://www.dotars.gov.au/departments/statements/2006\\_2007/media/008trs.aspx](http://www.dotars.gov.au/departments/statements/2006_2007/media/008trs.aspx), accessed 12 April 2007.

326 As advised by the Tasmanian Department of Infrastructure, Energy and Resources on 21 June 2007.

327 Source:

<http://www.premier.tas.gov.au/publications/budget07/At%20A%20Glance%2007.pdf>, accessed 21 June 2007.

328 Government of Tasmania, *Southern Tasmania, National Transport Network Investment Program 2007-2015*, Department of Infrastructure, Energy and Resources, June 2007, p.3.

- 6.260 However, recent advice indicated that the terminal is now handling additional manganese (an estimated 600,000 tonnes each year) from the Bootu Creek mine near Tennant Creek, and iron ore from the Frances Creek mine south of Darwin will begin moving in mid-July (an estimated 1.5 million tonnes). Freight Link has the capacity and plans to expand to accommodate this increased demand.
- 6.261 The East Arm terminal is used as a land bridge for container volumes, as the demand has not yet warranted connecting the train directly to the port.<sup>329</sup>
- 6.262 Currently Freight Link's infrastructure is being guided by demand. However, they contended that there is an opportunity to develop a mini-hub and distribution centre in Darwin to facilitate freight movements to and from Southern Asia. Freight Link also suggested that these imports may be an opportunity to utilise empty containers, by transferring products that have arrived in international containers into empty containers for distribution to other locations around Australia.<sup>330</sup>

## Committee Assessment

- 6.263 The Committee strongly believes that improving the efficiency of road and rail infrastructure and intermodal facilities cannot be handled separately; they are interdependent. The Committee endorses the Meyrick and Associates' observation that:
- ...we do need to take seriously the task of building an effective intermodal network.<sup>331</sup>
- 6.264 The Committee agrees that strategic intermodal facilities will have a crucial role to play in this network, and in supporting planned increases in rail's share of the freight task.
- 6.265 Evidence reflected that urban, port based and regional intermodal facilities, are all important to the transport network. It is a matter of determining which combinations of terminals will best contribute to the efficient operation of freight movements, taking into account financial, social, and environmental considerations. However, the Committee also feels that neither should situations like Kalgoorlie in

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329 As advised by Freight Link on 22 June 2007 and Department of Transport and Regional Services, *National Intermodal Terminal Study*, Final Report, Meyrick and Associates and ARUP, February 2006, p.52 and

330 Freight Link, Transcript, 14 June 2006, Canberra, pp.16-17.

331 Meyrick Consulting Group, Transcript, 16 August 2006, Canberra, p.13.

Western Australia and Brighton in Tasmania be allowed to languish in indifference.

- 6.266 The Committee agrees that the Australian Government should take a lead role in intermodal facility planning and development, given that many of these facilities are on national highways, key arterial road or rail systems, and have a symbiotic relationship with Commonwealth responsibilities under AusLink.

### **Recommendation 17**

- 6.267 **The Committee recommends that, in cases where private investment options have been exhausted, any urgently required intermodal facilities of national or substantial regional significance, should be developed through joint contributions from the Commonwealth (50 per cent), State (30 per cent) and local authorities and/or industry (20 per cent). Paramount in any such consideration would be a viable ownership model, providing open access.**

### **Recommendation 18**

- 6.268 **The Committee recommends that the Australian Government:**
- **investigate strategic land banking;**
  - **where appropriate, secure land for future intermodal facility developments and expansions; and**
  - **encourage State and local governments, and the private sector to explore land banking options for future hub development.**