

SUBMISSION TO INFRASTRUCTURE AUSTRALIA

WODONGA CITY COUNCIL

WODONGA LOGIC – FREIGHT SERVICES CENTRE

December 2010

PREPARED WITH THE IA REFORM AND INVESTMENT FRAMEWORK TEMPLATES

Proposal Summary

Initiative Name:	Wodonga 'Logic' Freight Services Centre
Location (State/Region(or City)/ Locality):	Wodonga Victoria
Name of Proponent Entity:	City of Wodonga
Contact (Name, Position, phone/e-mail):	Michael Gobel, Director Investment Attraction, (02) 6022 9232, mgobel@wodonga.vic.gov.au
Description of Initiative:	

Site map – Wodonga Logic Precinct



- The Freight Services Centre will be a multi-purpose facility aimed at improving the efficiency and safety of interstate freight operations between Sydney, Melbourne and south-western NSW. It will consist of co-located facilities aimed at improving long distance driver fatigue management, road transport efficiency and road/rail intermodal services leveraging the presence of the main Sydney-Melbourne rail corridor and the Hume and Murray Valley Highways

- The Fatigue Management Centre (FMC) will provide facilities supporting truck drivers needing either short or long rest periods during or between driving shifts on the inter-capital or regional freight services, principally centred on Melbourne and Sydney
- A road freight trailer exchange facility will allow large and small freight operators to optimize their trucking operations via switching between different trailer combinations to suit freight route permits in a secure facility, co-located with the driver rest facilities
- An intermodal rail terminal to facilitate the low cost transfer of containerized freight to/from both Melbourne and interstate sources to/from the tenants of the Logic precinct, the greater Wodonga area and the important Riverina agricultural export region

General locality map



Theme alignment

Development of a national rail freight network.

An intermodal terminal servicing the Albury/Wodonga growth area and its region will add to the value of national rail network, through adding significant volumes of freight currently unavailable to rail service providers. The major value would be in providing a rail option for export freight in the border region, as well as imports from the Port of Melbourne and logistics companies in the western suburbs of the city. The terminal

would also be useful for delivery of goods into the region from longer distance origins such as Queensland and northern NSW.

The additional freight volume would provide new access revenue to ARTC to offset recent corridor investment costs. The facility would also open up new opportunities for large and small rail freight operators to define services to meet the needs of the regional customers. The facility would be purpose designed for the scale of freight operation required, and would therefore be better suited to future freight needs than were the original sidings on the abandoned rail corridor through the town.

Competitive international gateways

The rail terminal and road trailer exchange facilities will improve the cost-efficiency of freight operators servicing the agricultural export sector in the Border region and the eastern Riverina. Many food processing companies have operations in this area, relying on road freight transport to deliver either to the Port of Melbourne or to packing and consolidation facilities nearby. The road facility will become a hub for these services, potentially capturing efficiencies through the use of more efficient vehicle combinations in future on the Hume Freeway (Wodonga-Melbourne) than on greater highway network.

The rail freight option also creates a hubbing opportunity for these companies and products, with direct access to the docks via specialist rail shuttle services.

Both initiatives, along with the FMC, provide a range of opportunities for freight firms to reduce the costs of access to market for these products and thus retain export competitiveness

Pipeline category nominated by proponent (please indicate one category only):	Early Stage – the Logic Precinct is already being developed by Wodonga City Council and has some key tenants (including a major regional Woolworths distribution centre). The Freight Services Centre is still being developed at the conceptual stage, with basic site design under consideration. Some activities such as development of a roadhouse and truck servicing businesses are also in the planning stage.
Capital Cost of Initiative by Proponent (\$M, nominal, undiscounted):	The full capital cost has yet to be determined.
Commonwealth contribution sought by Proponent, and cash flow in financial years – including any requests for project development funding (\$M, nominal, undiscounted):	No specific contribution from the Commonwealth has been identified to date, but it is likely that 50% of the total capital cost will be sought, with the remainder to be sourced from the Victorian state government, and some contributions from Wodonga City Council (potentially in the form of land etc).
Other funding (source/amount/cash flow) (\$M, nominal, undiscounted):	Council has already been granted a sum of \$4m from the Victorian government by way of compensation for the loss of several rail sidings in the area at the time of the realignment of the railway line around the township. Part of this sum is currently being used towards the development of the project plan.
BCR by Proponent excluding Wider Economic Benefits	No formal BCR has been undertaken at this stage
High level development and implementation program	<ul style="list-style-type: none"> Wodonga Logic was established in 2003, with Woolworths regional distribution centre as an anchor tenant. Stage 1 of the business park is nearly fully sold, and Stage 2 is currently being marketed.

- The location of the facility was chosen for its proximity to the Hume Freeway bypass of the town and the Murray Valley Highway, and the railway line. The potential to develop and attract services to improve freight options for local and interstate road and rail operations was obvious and Council began to investigate the potential for a suite of services that could be co-located for overall benefit.
- Council owns the whole 580ha site and has already constructed a high freight standard internal road network to service existing and future tenants.
- To date, Council has invested \$31m in the Logic site, while private tenants have made \$133m in investments. There are an estimated 470 people employed at the site, with a further 50 indirect jobs created.
- Woolworths and Border Express are among the major tenants. A planning permit has recently been issued for a new 7,500 sqm warehouse facility. Wodonga TAFE is also developing a 40ha truck driver training centre from 2011.
- Council is in discussion with potential developers of services on site including a Road-house and road freight industry services providers. An outline design plan for the FMC and trailer exchange facility has been commissioned and is nearly complete.
- Preliminary discussions with road and rail freight industry providers and their customers have been held, as well as liaison with state and Commonwealth agencies through a Strategic Reference Group.
- A consultancy has been commissioned to examine the market for the proposed services, high level commercial feasibility and a governance model. The outcomes of this study will inform a more detailed submission to IA and other agencies by April 2011.

Confidentiality

- Not applicable

Individual Stages in the Reform and Investment Framework

Stage 1: Goal Definition	
Goal Statements	<p>Primary Goal</p> <p>Provision of a consolidated suite of services to improve the cost-efficiency and safety of road and rail freight services using the region's transport infrastructure.</p> <p>Aligned goals</p> <p>Freight Futures Victoria 2009</p> <p><i>"Maintain and improve the efficiency of the freight network – ensuring that the road and rail links, ports, terminals and related facilities for handling and moving goods around our cities, towns and state are operating to their maximum efficiency to support Victoria's continued economic growth."</i></p> <p><i>"Enhance the sustainability of the freight network – by planning and operating the network in a manner that maximises public safety outcomes and minimises</i></p>

Stage 1: Goal Definition	
	<p><i>environmental and amenity impacts on the Victorian community.”</i></p> <p>Hume Regional Plan - Hume Strategy 2010-2020</p> <p><i>“An integrated network of efficient and high functioning transport systems”</i></p>
Objective Statements	<p>Victorian Government – Freight Futures (2009)</p> <p><i>“Facilitate the efficient movement of freight in Victoria”</i></p> <p><i>“Optimise the use of existing network infrastructure”</i></p> <p><i>“Plan and deliver new network infrastructure in a timely manner”</i></p> <p>Hume Regional Plan – Hume Strategy 2010-2020</p> <p><i>“Develop a network of integrated transport infrastructure and services to ensure that Hume Region will be a mobile region, with a capable transport system that provides quality, fast, safe and efficient links for rural and regional communities”</i></p> <p>Wodonga Council Plan 2009-2013</p> <p><i>“Growing local businesses and strong links between Wodonga and the broader economic environment.”</i></p>
Goal and Objective Alignment	<p>Objectives</p> <p><i>“Maintain and improve the efficiency of the freight network – ensuring that the road and rail links, ports, terminals and related facilities for handling and moving goods around our cities, towns and state are operating to their maximum efficiency to support Victoria’s continued economic growth.” – Freight Futures</i></p> <p>The proposal has strong ties to this overall goal by providing infrastructure that will allow freight industry operators to find ways of reducing costs to their customers. It will also consolidate a range of services onto a single site, thus improving commercial operability between them and sharing establishment costs.</p> <p><i>“Enhance the sustainability of the freight network – by planning and operating the network in a manner that maximises public safety outcomes and minimises environmental and amenity impacts on the Victorian community.” – Freight Futures</i></p> <p>The proposal aims to improve road freight safety outcomes by providing services to drivers needing quality rest under current fatigue management regulations.</p>

Stage 1: Goal Definition

The project will also support sustainability in another sense, through providing the infrastructure that on-site service providers will require to be commercially sustainable, without incurring large scale capital investment costs that could otherwise

Infrastructure Australia's Strategic Priorities (SP)

SP1 – Expand Australia's productive capacity

The project will contribute to this goal through ensuring least cost path to port for regional exports, thus maintaining lucrative markets for agricultural and processing production.

SP2 – Increase Australia's productivity

The Centre will provide a resource to enable freight operators and their customers to innovate in relation to their logistics systems and find the most cost-efficient means of gaining access to markets, both domestic and export

SP3 – Develop our cities and regions

The initiative will be a positive development for Wodonga and the surrounding area, providing an employment centre as well as improved freight outcomes for the regions. It will also have potential to increase competitive freight options on the Sydney-Melbourne, Sydney-Adelaide and Sydney-Brisbane corridors, which collectively support well over 20mtpa of freight each year.

SP 6 – Reduce greenhouse emissions

The use of rail in place of road offers savings in carbon production and other externality costs. The road trailer interchange facility will also help concentrate freight traffic onto the Hume Freeway in high productivity vehicle combinations that will reduce trucking movements, with resulting savings in terms of greenhouse gas and community impacts.

Stage 2: Problem Identification

<p>Problem Identification:</p>	<p><i>Lack of truck parking and rest areas</i></p> <p>There is an identified lack of truck parking areas on the Hume Freeway between Benalla and Wodonga for current and future freight traffic, estimated at over 100 truck spaces by VicRoads. This has an impact on the ability of truck drivers to meet their obligations under fatigue management regulations and the associated road safety outcomes.</p>
<p>Current issues</p>	<p><i>Lack of rail access in the area</i></p> <p>The recent realignment of the main Sydney-Melbourne rail line brought about the loss of 3 existing sidings available for local freight use. There are no general purpose rail freight sidings available in the region, or suited to the type of point-to-point freight operations now common on the corridor.</p> <p><i>Lack of a suitable located central service hub.</i></p> <p>There is no facility for consolidating disparate regional road freight operations into a service hub, particularly since the bypass of the town reduced the desirability of using town sites for transport depots and servicing etc.</p>
<p>Problem identification: Future scenarios</p>	<p>Freight usage of the corridor is growing rapidly with steep demographic increases in the Sydney and Melbourne metropolitan areas (up to 2% per year). The number of trucks using the Hume Highway will grow as road retains a dominant share of the inter-state freight trade.</p>
	<p>The likelihood of a carbon pricing scheme in the medium term means that there will be an ongoing role for rail in regional and long distance freight markets. The case for a multi-purpose intermodal terminal at Wodonga will grow under these circumstances.</p>

Stage 3: Problem Assessment

Problem assessment	<p>The impact of shortages of truck parking and absence of intermodal terminals for the region has not yet been formally assessed.</p> <p>The full submission in preparation for the next level of consideration will address these issues in detail.</p>
Current problems	<p>The impact of the current infrastructure limitations is being experienced as general freight inefficiency. The proposed project has the potential to improve the freight costs felt by a large cross section of regional and long distance freight users.</p> <p>Congestion on Melbourne's metropolitan highways and freight routes, particularly in the industrial western suburbs is becoming more marked. Use of conveniently located rail terminals in the western area (both existing and planned) could be valuable in easing freight-related congestion.</p>
Future problems	<p>The current problems will only be exacerbated with future freight growth on the corridor which would exceed demographic growth rates of 2% per annum.</p>

Stage 4: Problem Analysis

<p>Problem analysis</p>	<p><i>The proposal is based on a potential to improve freight productivity generally, rather than to address a particular ‘problem’.</i></p> <p><i>Some of the contributory factors that will make up the business case include:</i></p> <ul style="list-style-type: none"> - <i>Shortage of truck parking areas on the Hume Freeway, perhaps due to lags between freight growth and investment</i> - <i>General lack of adequate facilities to meet truck drivers rest needs (both short and long rest periods). This is a problem throughout the highway network.</i> - <i>Decline in rail freight volumes in regional NSW and Victoria due to lack of attention to rail maintenance, loss of focus on terminal investments, lack of investment by rail operators and poor relationship between operators and state governments.</i> - <i>Opportunity to capitalise on future approvals that may be granted to freight vehicles using the Hume Freeway, but not other routes, which would favour a trailer exchange facility</i>
<p>Identify fundamental cause, not symptoms, of the problem</p>	<p>Not applicable at this stage</p>
<p>Problem Prioritisation</p>	<p><i>This proposal is an imaginative attempt to improve region-wide freight operations for the local agricultural and manufacturing economy as well as structural efficiency improvements for the heavily used Hume Highway corridor. As such, it will provide far-reaching benefits to a large number of freight users, to complement the physical infrastructure enhancement works already funded by IA and other transport agencies. It will also provide long term employment benefits to the local regional economy.</i></p>

Stage 5: Option Generation

REFORM (ESSENTIALLY NON-CAPITAL INVESTMENT) OPTIONS

Option 1	<p><i>Rely on trucking operators to continue to use urban and rural locations as de facto rest areas and parking areas. There are several locations in Albury and Wodonga and along the Hume Freeway where this occurs.</i></p> <p>This option does not offer any prospect of improvement to the truck parking situation, which is opportunistic and insecure with some community amenity impacts.</p>
Option 2	<p><i>Consider using existing rail freight terminals on the Victorian broad gauge network to handle eastern Riverina export freight and Albury/Wodonga imports</i></p> <p>These terminals (eg Tocumwal) currently service some direct port-related demand, but there is no feasible rail solution for Wodonga regional freight. Service frequency is low, and broad gauge track condition is of lower quality than the more heavily used standard gauge lines.</p>
Option 3	<p><i>Rely on private sector entrepreneurial activity to develop alternative road freight transport efficiency models and services</i></p> <p>Road freight companies will make investments of this nature from time to time, but cannot generally act together to develop a site or facility that benefits them all. Individual company investments will tend to be less efficient than the development of a common-user set of services than can be provided to all companies seeking improved efficiency for their customers.</p>

INVESTMENT OPTIONS

Option 1	<p><i>VicRoads could construct a set of parking areas along the Freeway which would offer some of the benefits of the proposed facility, but without the associated services such as food and indoor lounge areas</i></p>
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Stage 5: Option Generation

Option 2	<p><i>Construction of an intermodal terminal facility elsewhere in the Albury/Wodonga area</i></p> <p>There are many sites where a terminal could be constructed, but the advantage of the Logic site is the proximity to the tenants of the business park, particularly Woolworths, which is a large 'importer' of goods from both Melbourne and interstate origins. The Logic site is also located well for highway access and sufficiently distant from residential areas.</p>
Option 3	<p>Development of a different site for road transport services</p> <p><i>There are other locations where a road transport service hub could be developed, but the principle benefit of the proposed site is the proximity to the Hume Freeway and easy access to Melbourne for future High Productivity Vehicles and the ability to service a wide region through the Murray Valley Highway and other feeder routes onto the Freeway</i></p>

Stage 6: Options Assessment

Long list	Not applicable at this stage
Interim list	Not applicable at this stage
Short list	Not applicable at this stage