

Standing Committee on Infrastructure, Transport and Cities
PO Box 6021
Parliament House, CANBERRA
26 January 2016
Dear Madam/Sir,

The role of transport connectivity on stimulating development and economic activity

Wimmera Development Association (WDA)

Wimmera Development Association represents the municipalities of West Wimmera, Hindmarsh, Yarriambiack, Northern Grampians and Horsham. The region consists of the regional centre of Horsham, and a range of smaller communities servicing the agricultural sector.

The Wimmera Southern Mallee is a prime grain production region, producing significant exports. The economy of the whole region is closely aligned to the success of agriculture, evidenced by the impact of seasonal variability and global commodity prices on the whole region.

The context of agriculture as the primary driver of the regional economy is well understood in the region. The extended drought in the early 2000s demonstrated the close relationships between the regional service and retail sectors and the variability of agricultural productivity in driving investment and employment in the region.

WDA in conjunction with the 5 Regional Municipalities has prepared a Wimmera Southern Mallee Investment Plan which sets out the major infrastructure priorities for the region.

Freight and Logistics

Major freight routes, including the Melbourne to Adelaide rail line and the Western Highway, provide a backbone for the movement of export and domestic grains produced in the Wimmera Mallee region. The network of minor rail lines, secondary highways and roads support the accumulation of grain to central receival points.

The construction of the Wimmera Intermodal Freight Terminal, with the funding support of the Victorian Government and the Federal Government, has been a strategic investment in the freight network. It has improved the effectiveness of the road/rail interface, and will attract increased containerised grain (and possibly mineral sands in the future) transport.

The WDA welcomes the opportunity to provide this submission in support of Wimmera Southern Mallee stakeholders.

1. Improved transport connectivity is likely to have a positive impact on adjacent property values with a subsequent increase in the rate revenues from affected properties. Rate increases will depend however on the valuation cycle applied by the local Councils. The

overall impact though may be relatively minor and may not generate sufficient additional revenue to pay for improvements to the transport infrastructure.

- 1.1. In regional and country communities there is unlikely to be the critical mass of development required to provide sufficient value-capture revenues to fund even minor transport infrastructure improvements.
 - 1.2. Regional Communities are reliant on both Commonwealth and State Government funding for infrastructure and rarely have property developments of the scale required to fund critical projects.
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2. Rezoning of properties to higher value uses may justify increased rates and additional developer contributions as properties are developed to match the revised zoning, however in regional and country areas this is unlikely to be sufficient to fund new or improved transport infrastructure.
 - 2.1. There are however, risks associated with increasing the costs to developers and in particular in rural areas that may be suffering from poor economic conditions.
 - 2.2. Developer decisions will be based on their ability to obtain a reasonable financial return for their increased costs and if the general economic conditions are poor it is unlikely that development will occur, effectively undermining the rationale for increasing developer contributions.
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3. Whatever means are used to secure value-capture revenues, the main issue for regional communities is securing sufficient capital to allow for transport connections to be funded in the first instance.
 - 3.1. Developer contributions and rates are usually imposed at the local government level.
 - 3.2. Revenue generated by value-capture at both the State and Commonwealth level may not be guaranteed to be available down to the local project level to fund infrastructure improvements.
 - 3.3. It is critical that any revenue generated by value-capture is made available to the level that is undertaking the infrastructure activity, be it Commonwealth, State or Local Government.
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4. Investment in regional infrastructure is a key to supporting the 'liveability' of regional capitals: to attracting business investment and to providing high standard; health, education and social services. Budget restraints and future rates capping, combined with a growing need for infrastructure renewal is placing considerable strain on regional communities.
 - 4.1. Regional communities are aware that they must strongly support projects that not only strengthen the regional capital but also the surrounding region.
 - 4.2. Critical infrastructure projects identified for our region include:

- 4.2.1. The continuation of the duplication of the Western Highway between Buangor and Stawell and on to Horsham. The freight task on this highway is growing, with community safety issues, as well as cost effectiveness of road transport for grains and other produce. The duplication reduces travel time between the region and the Port of Melbourne and markets.
- 4.2.2. Maintenance of the rail lines is critical to the efficiency of transporting grain to markets. Critical issues include the congestion in the metropolitan system, port access and 'last mile' (in)efficiencies, weight and speed restrictions due to maintenance of the infrastructure, and of course the inefficiencies of the dual gauge systems.
- 4.2.3. Long term planning for the increased productivity of the agricultural sector and export potential should include an integrated road/rail system and accessible port infrastructure.
- 4.2.4. Maintenance and upgrade of the network is a critical issue, directly related to the efficiency and competitiveness of the sector in both domestic and export markets.
- 4.3. The 3 major issues for the region in terms of transport infrastructure that will stimulate development and economic activity as enunciated in the Wimmera Southern Mallee Investment Plan are;
 - 4.3.1. Western highway duplication,
 - 4.3.2. Rail freight standardisation, and
 - 4.3.3. Passenger rail to Melbourne
 - 4.3.4. It is unlikely that any of these projects can or will generate sufficient value-capture to allow local municipalities to complete them and they will require funding from Commonwealth and/or State Budgets.

Ralph Kenyon

Executive Director

