

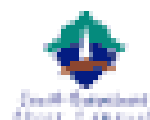
Submission to the Standing Committee on Transport and Regional Services

May 2005

Version 1



SEATS



EXECUTIVE SUMMARY

The Councils of Gippsland, Gippsland Area Consultative Committee (GACC), and South East Australian Transport Strategy Inc (SEATS) are delighted to provide this submission to the Inquiry into the Integration of Regional Rail and Road Freight Transport and their Interface with Ports.

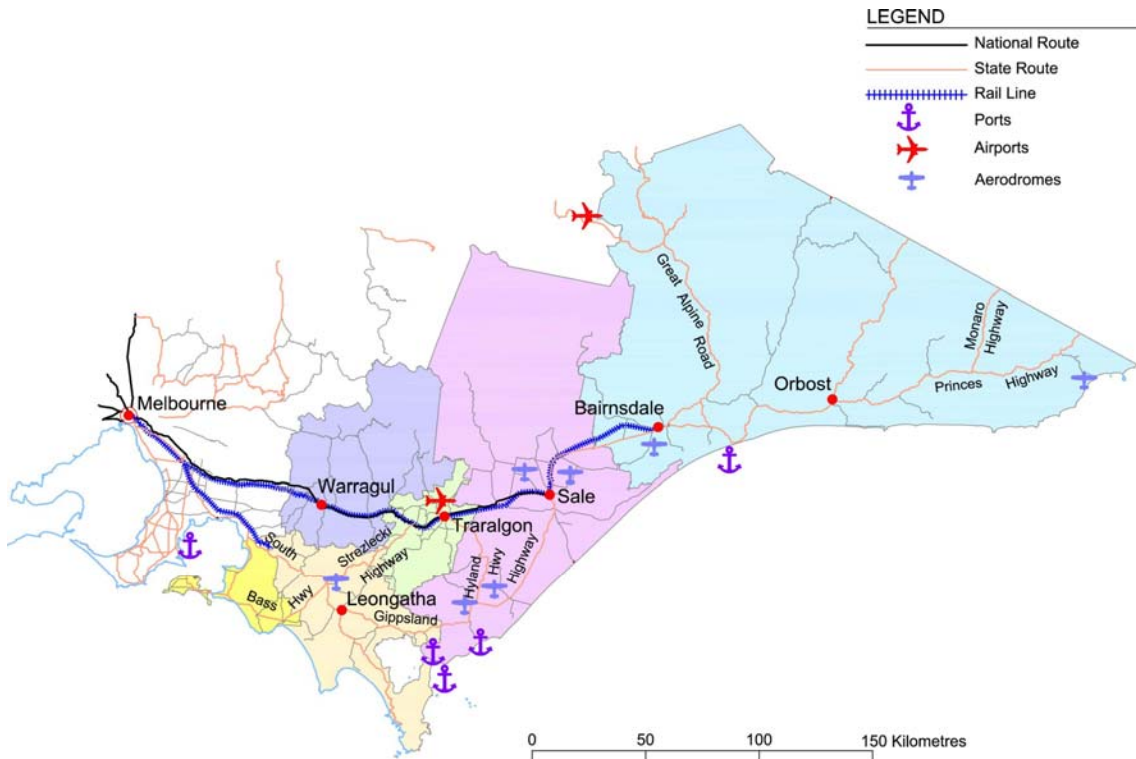
Gippsland is located in eastern Victoria and extends from the Great Dividing Range in the north, through rich and productive timber and agricultural grazing land, to the Bass Strait coastline in the south and from the New South Wales border in the east to the Latrobe Region and Phillip Island in the west and south-west.

The Region comprises the LGAs of Bass Coast, East Gippsland, Latrobe, South Gippsland, Wellington and Baw Baw Shire

The Region covers an area of almost 40,000 sq kms, or 17.5% of the total area of Victoria. The major urban centres are Bairnsdale, Leongatha, Moe, Morwell, Sale, Traralgon, Warragul and Wonthaggi. Gippsland's major industries include dairy, timber and forest products, energy production, other agriculture, cement and sand extraction, and tourism. These industries are described below.

Figure 2 provides an overview of the transport network in the Gippsland Region. The region is serviced by road, rail, air and sea infrastructure.

FIGURE 1 GIPPSLAND REGION MAJOR TRANSPORT INFRASTRUCTURE



Key Issues Raised in this Submission

A. Land Transport Access to Ports

A.1. Rail Gauge Incompatibility

The long term retention of broad gauge is a significant problem for the region of Gippsland and the competitiveness of its economy. At the completion of the proposed conversion to standard gauge program in Victoria all regional communities, **apart from Gippsland** (and to a lesser extent Warrnambool), will be able to access a standard gauge rail line within a reasonable haul length.

A.2 Connections to the Sydney market

The Princes Highway operates as the major freight transport route to the Sydney and Sapphire Coast markets of New South Wales. The movement of food and rural products from the Mitchell-Snowy region of East Gippsland to the adjacent lower South Coast region of NSW is the largest single road movement of its type out of the State.¹ It is therefore incongruent that, this link on the route between Melbourne and Sydney is not considered as nationally significant whilst the two adjoining legs (Melbourne to Sale and Wollongong to the Illawarra are included)

A.3 Connections to the ACT and NSW regional markets

Gippsland's economic development, particularly along the Princess Highway East spine, is restricted by the lack of a suitable highway connection to the ACT and New South Wales market.

Currently, the agricultural and timber industry utilise the Monaro Highway to move fruit and vegetables to Sydney and Canberra and timber/chips for export at Eden. The Highway supports a number of other industries in its vicinity including dairying, beef cattle, timber and tourism.

B. Capacity and Operation of Major Ports

B.1 Lack of deep sea port facilities

Although there are a number of modest port facilities within the region, including a developing private port facility at Barry Point, Gippsland is currently dependent on the Ports of Melbourne, Geelong and Eden for their export competitiveness. Geelong and Eden currently provide the region with export facilities for the majority of their bulk goods especially timber products while the Port of Melbourne exports Gippsland's dairy and other containerised commodities.

C. Movement of Bulk Export Commodities

C.1 Movement of coal based export commodities

Much of the significant brown coal deposits in Gippsland are utilised in electricity generation on site. However, the growing demand for resources from Asia is seeing some investigation of export opportunities. Although currently dormant, the potential for exponential growth in bulk export commodities from the region in the short term is very high. Thus it is imperative that the ability to move these commodities efficiently is ensured. For the volumes being considered, rail will be the only viable option and thus serious consideration regarding the standardisation of rail track and the provisions contained in the Victoria rail access regime need to be clarified so that private investment and export capacity can be quoted confidently.

D. Opportunities to Achieve Greater Efficiency in the Use of Existing Infrastructure;

A number of initiatives have been raised which should enable Gippsland to achieve greater efficiency on their arterial road network. Including mitigating issues regarding:

- Future through traffic arrangements in Traralgon
- Heavy vehicle traffic through the centre of Bairnsdale
- Heavy vehicle traffic through the centre of Sale
- Impediments on the South Gippsland Highway
- Capacity of the Princes Highway between Traralgon and Bairnsdale

E. The role of the three levels of Government and the private sector in providing and maintaining the regional transport network.

E.1 The AusLink process

Gippsland, like the remainder of the SEATS region, did not fare well under the AusLink National Network:

There is no rail link and only a limited road network in the Gippsland Region that is contained within the national funding regime.

This constitutes a major impediment to effective and efficient transportation, as it excludes the region from vital AusLink funding and disenfranchises Gippsland from future connectivity to the national standard gauge rail network.

E.2 State Government Considerations

The Councils of Gippsland, SEATs and GACC appreciate the many considerations that State agencies have, however improved interaction and more equitable decision making on the part of the State would be advantageous. As noted, volumes of freight move in and around the region at levels that are disproportionately high in relation to the relatively low population. This means that the conventional allocative formulae used by State Governments for infrastructure funding, which uses population or a surrogate measure as a key determining variable, tends to provide distortions in resource allocation models and is inappropriate for Gippsland.

The State Government also has a significant role in determining an appropriate and effective rail access regime. In deliberating on this regime we stress the importance of the rail network to the ongoing export competitiveness of the region.

Conclusion

SEATS, the Councils of Gippsland and GACC appreciate the opportunity to contribute to this important initiative. We see the role of local government to make proactive decisions to improve export competitiveness. We are already pursuing proactive and innovative methods to utilise and better integrate the current transport network better to ensure our export competitiveness is improved.

We feel that many of the issues discussed in this paper could be alleviated with more equitable and broad Australian Government policy which took into account the role of freight transport in transport investment decision making, particularly in the rail sector.

We are happy to expand on any of the issues discussed in this submission. For further information please contact Ralf Kastan, Director Assets and Operations, Wellington Shire Council (03) 5142 3471 or ralfk@wellington.vic.gov.au)

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1. BACKGROUND

The Councils of Gippsland, Gippsland Area Consultative Committee (GACC), and South East Australian Transport Strategy Inc (SEATS) are delighted to provide this submission to the Inquiry into the Integration of Regional Rail and Road Freight Transport and their Interface with Ports.

The region is export orientated and is reliant on efficient land transport to provide the linkages to its export ports of Melbourne, Geelong and Eden. The region also is an indicative example of a number of regional areas in Australia which suffer as a result of low priority infrastructure development, in particular a number of the issues faced in Gippsland and mirrored in areas such as the Illawara in NSW and the South West region of Western Australia.

In preparing this submission the respondents have responded to the key elements of the terms of reference as outlined in Box 1.

BOX 1 INQUIRY TERMS OF REFERENCE

Inquiry into the integration of regional rail and road freight transport and their interface with ports

The House of Representatives Standing Committee on Transport and Regional Services is to inquire into:

- the role of Australia's regional arterial road and rail network in the national freight transport task;
- the relationship and co-ordination between Australia's road and rail networks and their connectivity to ports;
- policies and measures required to assist in achieving greater efficiency in the Australian transport network, with particular reference to:
 - land transport access to ports;
 - capacity and operation of major ports;
 - movement of bulk export commodities, such as grain and coal;
 - the role of intermodal freight hubs in regional areas;
 - opportunities to achieve greater efficiency in the use of existing infrastructure;
 - and possible advantages from the use of intelligent tracking technology;
- the role of the three levels of Government and the private sector in providing and maintaining the regional transport network.

1.1 The Gippsland Region

Gippsland is located in eastern Victoria and extends from the Great Dividing Range in the north, through rich and productive timber and agricultural grazing land, to the Bass Strait coastline in the south and from the New South Wales border in the east to the Latrobe Region and Phillip Island in the west and south-west.

The Region comprises the LGAs of Bass Coast, East Gippsland, Latrobe, South Gippsland, Wellington and Baw Baw Shire

The Region covers an area of almost 40,000 sq kms, or 17.5% of the total area of Victoria. The major urban centres are Bairnsdale, Leongatha, Moe, Morwell, Sale, Traralgon, Warragul and Wonthaggi.

Gippsland is an area of natural beauty and is notable for a diverse range of geographic features. It has extensive forests and mountainous areas, lush dairy farms, spectacular lakes and coastal areas and a variety of national and coastal parks. Ninety Mile Beach separates the Gippsland Lakes and Wetlands from the ocean while to the south west is Wilsons Promontory, the southernmost tip of mainland Australia. The Snowy River, in the eastern part of the Region, runs through rocky ridges which rise 700 metres above the river with the surrounding Snowy River National Park covering approximately 26,000 hectares. Also in the eastern part of the Region are the fishing ports of Lakes Entrance and Mallacoota. Morwell, Tarra Valley and Bulga National Parks are in the Strzelecki Ranges to the south of Morwell.

The Gippsland Region is well known for its Bass Strait oil and gas and for producing nearly all of Victoria's electricity (from one of the world's largest brown coal reserves in the Latrobe Valley). Gippsland is also one of the major dairy farming centres in Australia and has an important forestry industry.

For a region that comprises only 0.5% of the area of Australia, Gippsland plays a disproportionate role in terms of its economic contribution to the country. Gippsland produces:

- over 6 million tonnes of freight per annum
- 97% of Victoria's natural gas
- 25% of Australia's crude oil
- 19% of Australia's milk and
- 15% of Victoria's vegetables.

In addition Gippsland holds 60% of Melbourne's water supply and attracts 35% of Victoria's international visitors, but has a low transport infrastructure priority with governments..

1.2 Gippsland Area Consultative Committee

The Gippsland Area Consultative Committee (GACC) is part of a national regional network for the Australian Government. Committee members are volunteers, representative of various sectors and communities within the region.

Working in partnership with government, business and the community, the GACC identifies and fosters opportunities for jobs growth, skills development and regional growth and service delivery to find community-based solutions to these issues.

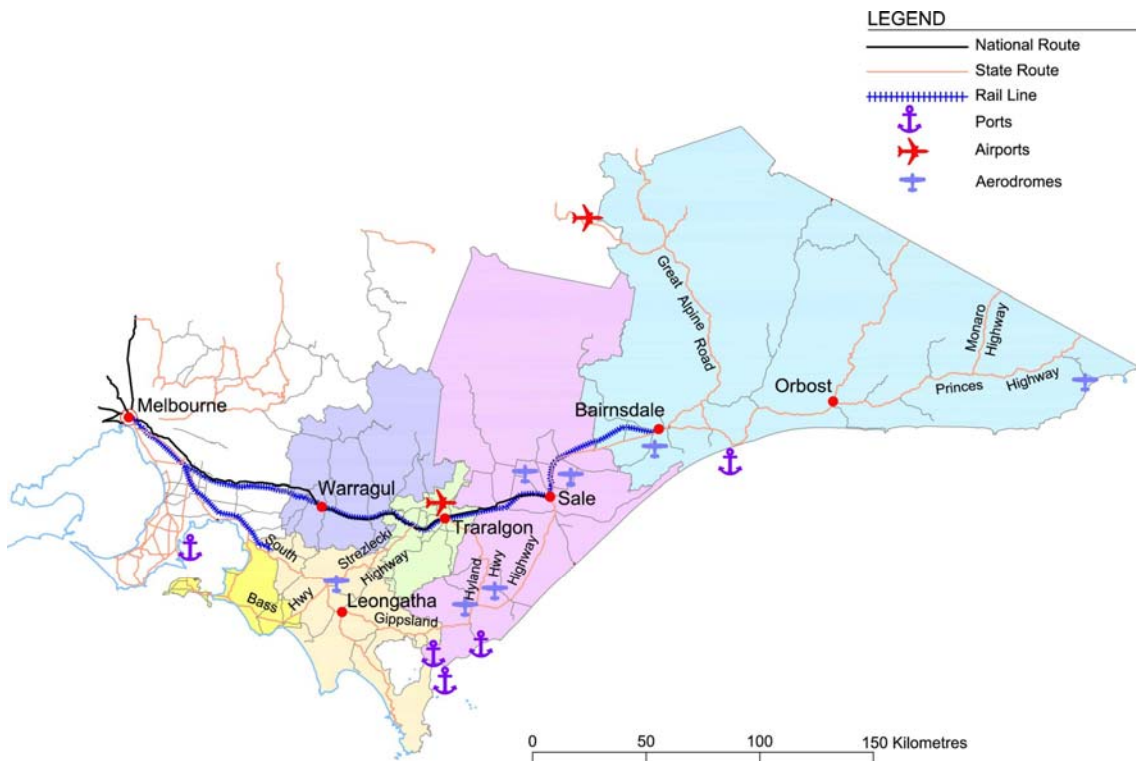
1.3 SEATS

The South East Australian Transport Strategy Inc (SEATS) aims to stimulate and facilitate investment in transport and infrastructure in south eastern NSW, eastern Victoria and the ACT region. Members of SEATS include local government, regional development organisations, government agencies, regional industry and academics.

2. INFRASTRUCTURE

Figure 2 provides an overview of the transport network in the Gippsland Region. The region is serviced by road, rail, air and sea infrastructure. The extent of this transport network is described below.

FIGURE 2 GIPPSLAND REGION MAJOR TRANSPORT INFRASTRUCTURE



2.1 Roads

The Gippsland road network is comprised of a combination of national, state and locally managed roads.

In Figure 2 it can be seen that the Princes Highway (M1 to Traralgon and A1 east of Traralgon) traverses the study region from east to west and acts as the main spine for the region. Connections to north-east of the State across the Great Dividing Range are provided by the Great Alpine Road (B500) originating at Bairnsdale. The Monaro (Cann Valley) Highway (B23) originates in Cann River and provides an alternative route to the M1 into NSW and the ACT. Heading south from the M1, the South Gippsland Highway (A440) originating in Sale, the Hyland Highway originating in Traralgon and the Strzelecki Highway (B460) originating in Morwell, all service the south-east of the Region. The Bass Highway (A420) provides the connection between the A440 and Phillip Island in the east and the B460.

The Princes Highway is the major road route between Melbourne, Gippsland and the south east of New South Wales. It serves all major import and export industries within the region including agriculture, energy, timber and paper manufacturing.

VicRoads most recent estimates of traffic and forecast growth of traffic volumes from the Latrobe Valley are at least 22,800 vehicles per day with a high proportion of heavy vehicles at 18%.ⁱⁱ

Important freight movements noted are:

- Processed dairy food products
- Vegetables to Sydney and Melbourne Airports for export to Asia
- Potatoes from Central Gippsland to Sydney and Brisbane via Monaro Highway
- Woodchips from the East Gippsland region between Nowa Nowa and the NSW border to the Port of Eden for export
- Timber from the Victorian central highlands and from Central Gippsland to the Maryvale Paper Mill and Port of Geelong for export
- Fish from Lakes Entrance to Melbourne and Sydney
- Rural supplies to provincial towns
- Large machinery to Latrobe Valley Power stations and mines and structural components to building projects in Melbourne
- Paper products from Maryvale Paper Mill to Melbourne and interstate/export destinations
- Quarry products.

The South Gippsland Highway extends for a distance of 258 kilometres from Dandenong (Berwick) to Sale. It provides access between Melbourne and Cranbourne, the east coast of Westernport Bay, Phillip Island, the Bass Coast (via Bass Highway) and the agricultural regions of South Gippsland. It also provides access to Korumburra, Leongatha, Foster, Yarram, Sale and Victoria's major oil and gas platforms, which are serviced from Longford and the port facility located at Barry Beach.

The Bass Highway which services Cowes, Wonthaggi and Inverloch also connects with the South Gippsland Highway.

In terms of tourism, the South Gippsland Highway provides connections to Phillip Island, Wilsons Promontory, Tarra Bulga National Park, Waratah Bay, Venus Bay, Cape Paterson, Inverloch and Ninety Mile Beach.

In the late 1990s the VicRoads Corridor Strategy for the South Gippsland Highwayⁱⁱⁱ recorded the following freight movements.

- 200,000 tonnes of timber is transported annually along the short section of the highway between Yarram and the Hyland Highway to the mill in Yarram and the Australian Paper Mill at Maryvale.
- 40-90,000 tonnes of timber is moved annually along other sections of the highway.
- Dairy produce to factories in Leongatha and then finished dairy product for export from Melbourne constitute 72,000 truck movements per annum.
- Livestock is transported to regional markets at Korumburra and Koonwarra.
- Materials and product are freighted to and from light engineering factories in Korumburra and Leongatha.
- Vegetables, particularly potatoes, are transported from farms near Koo Wee Rup and Lang Lang.
- Sand extraction occurs near Lang Lang and Grantville to service the Melbourne market. Over the next five years, it is expected that this movement will increase to one million tonnes annually as resources in outer Melbourne are depleted.
- Meat is carried for export from an abattoir near Lance Creek.
- Fish is freighted from fleets at Port Welshpool and Port Albert.
- Oil and gas industry requirements are freighted to and from Barry Beach and the terminal at Longford.

The same document recorded traffic Volumes on the Highway measured over five years ago vary from 40,000 vpd north of Cranbourne, 4,500 vpd between Korumburra and Leongatha and 600 vpd between Woodside and Longford. The percentage of commercial vehicles was estimated at approximately 14% commercial vehicles.^{iv}

2.2 Rail

A broad gauge (5 foot 3 inch or 1.6 metre) line runs from Melbourne to Bairnsdale and is used for both passenger and freight trains. The line is formally owned by VicTrack; a Victorian State Government rail track owner. The track is leased under a 49 year franchise/lease to Pacific National who have responsibility for the maintenance and upkeep of the line. In return they have operating rights and operate the freight services over the Gippsland line. Major passenger rail stations on the route are located at Warragul, Moe, Morwell, Traralgon, Sale and Bairnsdale. VLine Passenger Corporation operates a passenger rail service between Melbourne and Bairnsdale. This entity is fully owned and operated by the Victorian Government following the withdrawal by National Express from its franchise contract. The Victorian Government has invested in upgrading one of the tracks between Melbourne and Traralgon to accommodate as part of the Regional Fast Rail project, which will be commissioned in late 2006.. This upgrading will also assist freight trains insofar as the infrastructure will support heavier axle loadings and speeds for freight trains. Intermodal freight terminals are located at Bairnsdale and Morwell, with a smaller facility at Sale. The only rail freight currently handled by rail is export logs from Bairnsdale and Morwell to Geelong and paper from the Maryvale Mill (Morwell) to Melbourne for export and interstate.

Coupled with the facility at Morwell is the proposal to develop an East Gippsland intermodal freight terminal at Bairnsdale as part of the South Bairnsdale Industrial Park. This proposal was put to the State Government as an integral part of a funding application to develop the Park in 2002. The Government did not fund the intermodal freight proposal at that time but VicTrack did invest substantial funds to construct the necessary spur line to accommodate the loading of timber.

A broad gauge line exists between Dandenong and Leongatha. This route is presently used for suburban passenger traffic as far as Cranbourne. The Victorian Government has allocated \$3m during 2005/06 and 2006/07 to undertake detailed planning and infrastructure requirements needed to return passenger services between Melbourne and Leongatha, which have not operated since 1993. This line also has the capacity to handle bulk freight once restored.

The region's rail transport infrastructure and services have been significantly improved with a number of recent and ongoing projects. These include:

- Ongoing development of the Regional Fast Rail link to Traralgon. This project involved the removal of existing sleepers and rail, installation of approximately 110,000 concrete sleepers, cleaning and renewal of 50,000 tonnes of ballast, installation of heavier, high-speed rail, upgrading of safety protection at up to fifteen level crossings and installation of a modern signalling system. It is expected to be completed by late 2005.
- Major infrastructure works on the Sale to Bairnsdale line, followed by the return of rail passenger services, giving East Gippsland direct rail connections to Melbourne.

2.3 Sea

Gippsland has modest port facilities at:

- Lakes Entrance – principally serving fishing, small boat slipping and recreational boating

- Port Welshpool – serving fishing vessels and small island trading ships of shallow draft, with a long jetty recently decommissioned for traffic and a small RO-RO berth and hard stand
- Barry Beach – exclusively used by Esso to supply and support its offshore oil platforms. Land adjacent to the facility is being developed for enhanced port facilities, with a planning approval in place.
- Port Albert, south of Yarram – providing recreational and commercial fishing, mooring and ramp facilities.

2.3.1 Dependant Ports

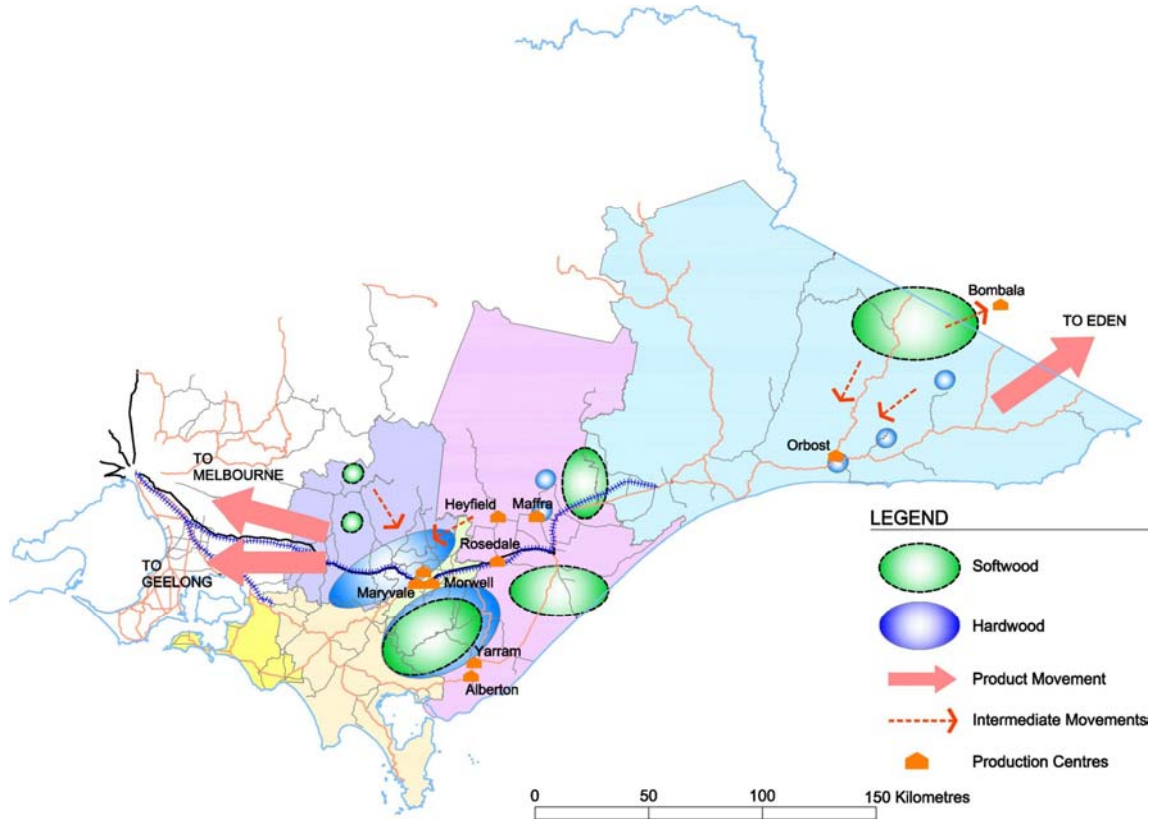
Although there are a number of modest port facilities within the region, including a developing private port facility at Barry Point, Gippsland is currently dependent on the Ports of Melbourne, Geelong and Eden for their export competitiveness. Geelong and Eden currently provide the region with export facilities for the majority of their bulk goods especially timber products while the Port of Melbourne exports Gippsland's dairy and other containerised commodities.

2.4 Industries of importance and freight tasks

Gippsland's major industries include dairy, timber and forest products, energy production, other agriculture, cement and sand extraction, and tourism. These industries are described below.

2.4.1 Timber and Timber Products

FIGURE 3 MAIN TIMBER ACTIVITY CENTRES



Description

Timber cutting, milling and downstream processing has traditionally made an important contribution to the economy of Gippsland. Paper and timber products are in the top export earners for the region^v.

While timber plantations, especially in Wellington and East Gippsland, are a major industry, so is downstream manufacturing of timber into paper products. Australian Paper's Maryvale Mill is the largest pulp and paper mill in Australia, providing a major employment source for Latrobe City. It has 1,000 full time staff including 70 staff associated with its extensive hardwood and softwood plantations. Australian Paper exports to 20 countries across Asia, Europe, USA and New Zealand and generates \$40-60 million from export sales each year.

Figure 3 outlines the distribution of timber resources and activity centres of importance to the Gippsland region. The main mills and production facilities are outlined in

Table 2.1.

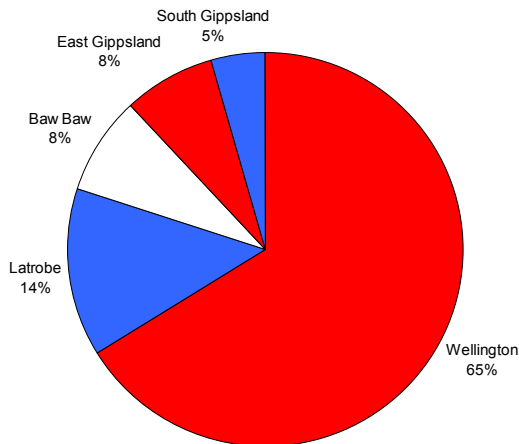
TABLE 2.1 GIPPSLAND TIMBER INDUSTRY PRODUCTION FACILITIES

Location	Production Facility	Shire/City
Maryvale	Australian Paper (Paperlinx) Pulp and Paper Mill	Latrobe
Eden	Export Facilities	Out of jurisdiction
Bombala	Processing Facility	Out of jurisdiction
Geelong	Export Facilities	Out of jurisdiction
Alberton	Alberton Timber and Treatment Plant	Wellington
Heyfield	Heyfield Timber	Wellington
Heyfield	Neville Smith Timber	Wellington
Maffra	Thompson Treated Timber	Wellington
Rosedale	Stone Timber	Wellington
Yarram	Radcon Radial Timber	Wellington
Yarram	N F McDonnell and Sons	Wellington
Morwell	Carter Holt Harvey	Latrobe
Morwell	Drouin West Timber	Latrobe

The Timber industry in Gippsland encompasses both hardwood (mainly eucalypt species) and softwood (coniferous species). Timber resources are sourced from plantations, public forest and, to a very minimal extent, private forest.

Harvestable public native forest in Gippsland is predominantly contained in East Gippsland with approximately 300,000 ha. The remainder of Gippsland contains close to 100,000 ha^{vi}. Managed by VicForests, a state-owned statutory company, the mainly hardwood product is predominantly moved to the mills at Heyfield, Bairnsdale and Orbost or sent to Eden for export.

FIGURE 4 GIPPSLAND SOFTWOOD PLANTATIONS BY LGA



Source: MBAC Consulting (2004) A Socio-Economic Assessment of the Timber Industry in Gippsland, Victoria

Figure 4 shows the distribution of the 60,000 hectares of softwood plantations in the region. Softwood resources are centred around Traralgon and the major softwood processing facilities are at Maryvale, Yarram, and Morwell. Softwood is also located in the north east of East Gippsland Shire and is usually processed across the border at Bombala.

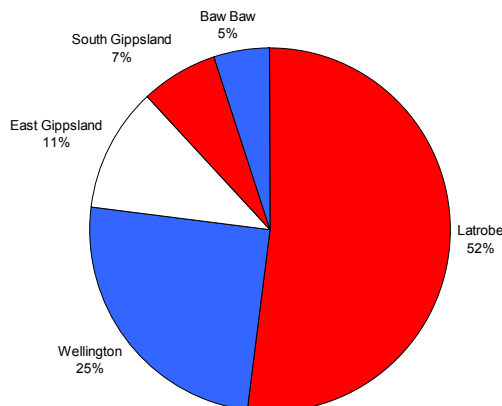
Plantations in East Gippsland are managed by Willmont Forests Limited, whilst the remainder of the softwood plantations are owned by Grand Ridge Plantations.

The current harvest has been estimated at 1.34 million m³ pa with 54% of this cut being sawlogs^{vii}. Approximately 10% of this harvest is exported through the Port of Geelong and 7.5% is sold to mills outside of the Gippsland area in Lara and Ballarat. Local processing of softwood includes the production of kraft pulp, packing paper, pallet manufacture and treated timber processing.

There is a concentration of hardwood plantations in the Latrobe and Wellington LGAs; this distribution is shown in Figure 5. Hardwood plantations in these regions are owned by Grand Ridge Plantations, whilst South East Fibre Exports is the dominant owner in the East Gippsland.

Current Gippsland hardwood production is estimated at 0.25 mill m³^{viii}. This is expected to rise at least in the short term. Local production activities include pallet manufacture, kraft pulp and white paper production, sawn timber and landscape products.

FIGURE 5 GIPPSLAND HARDWOOD PLANTATIONS BY LGA



Source: MBAC Consulting (2004) A Socio-Economic Assessment of the Timber Industry in Gippsland, Victoria

Logistics

Timber is carted from forest and plantations on B Doubles and mini B-Doubles in the east of the study region, and tri-axle semis and quad dogs in the western section of the study region. The trip usually begins on private or semi-private roads before entering the Gippsland road network. There is no opportunity for backhaul.

The movement of timber on road is perceived as a relatively dangerous, slow and heavy task. Much of the damage to local and state roads is rightly or wrongly attributed to timber transportation. The industry has proactively improved its reputation through greater compliance with federal, state and local transportation requirements, improving the professionalism of their drivers' behaviour and generally bypassing major towns wherever possible. Some export log traffic is railed from Bairnsdale and Morwell to Geelong for export.

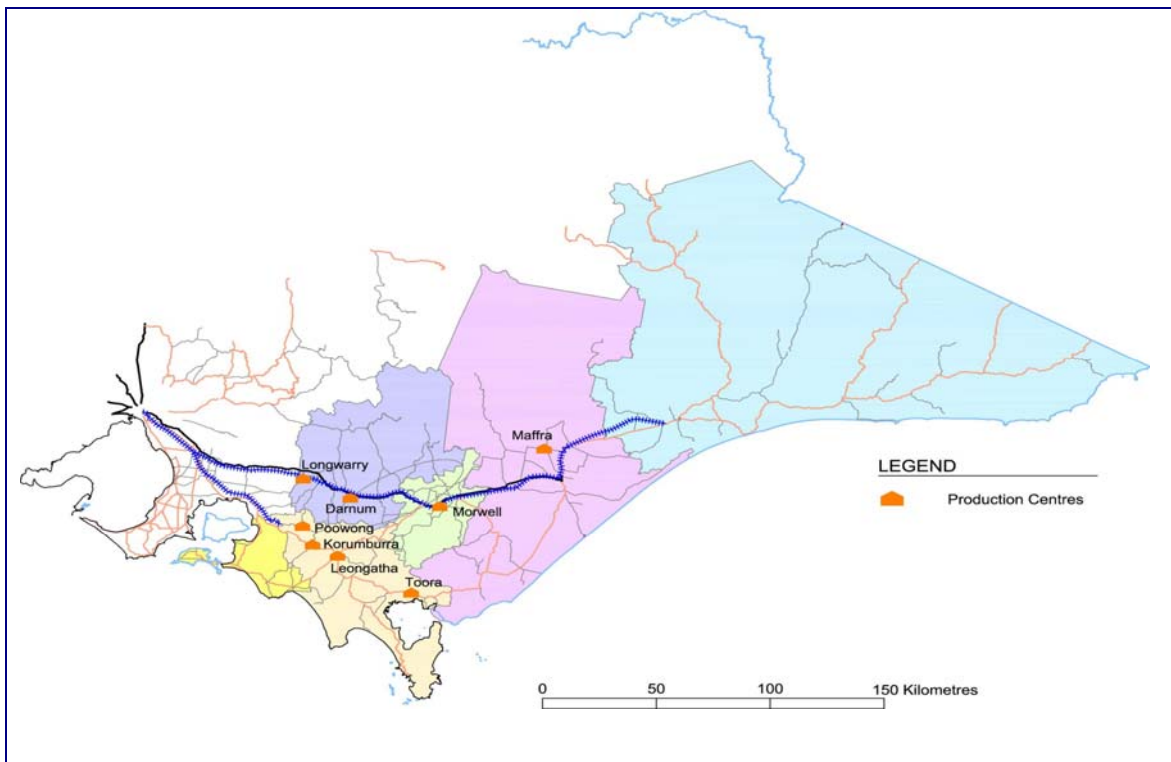
Future Potential

All industry projections indicate that the timber and associated industries will maintain their importance to the Gippsland regional economy. Of particular interest, there are mooted plans for expansion of blue gum species in the region of southern Gippsland with two separate timber companies recently investigating opportunities.

There will continue to be a challenge to infrastructure arising from changing transport movements between native forests and plantations and production and distribution points as the region's forests mature at different times and places. Movement of timber from site to production centre will continue to be a significant issue for the region. The TIRES^{ix} study identifies cost-effective local road management strategies and investment opportunities for the timber sector and prioritise them for Government expenditure.

2.4.2 Dairy

FIGURE 6 MAIN DAIRY ACTIVITY CENTRES



Description

Gippsland is one of the prime dairying regions of Australia, attributable to its temperate climate, reliable rainfall and fertile soils. It has been estimated that Gippsland alone produces 19% of Australia's milk,^x valued at \$582 million in 2002-03^{xi}. The main production facilities are mapped in Figure 6 and detailed in Table 2.2. Although dairy farms stretch across the whole of Gippsland, the main municipalities involved in the dairy industry include South Gippsland – particularly the Foster, Korumburra and Leongatha districts – and the Wellington and Baw Baw Shires.

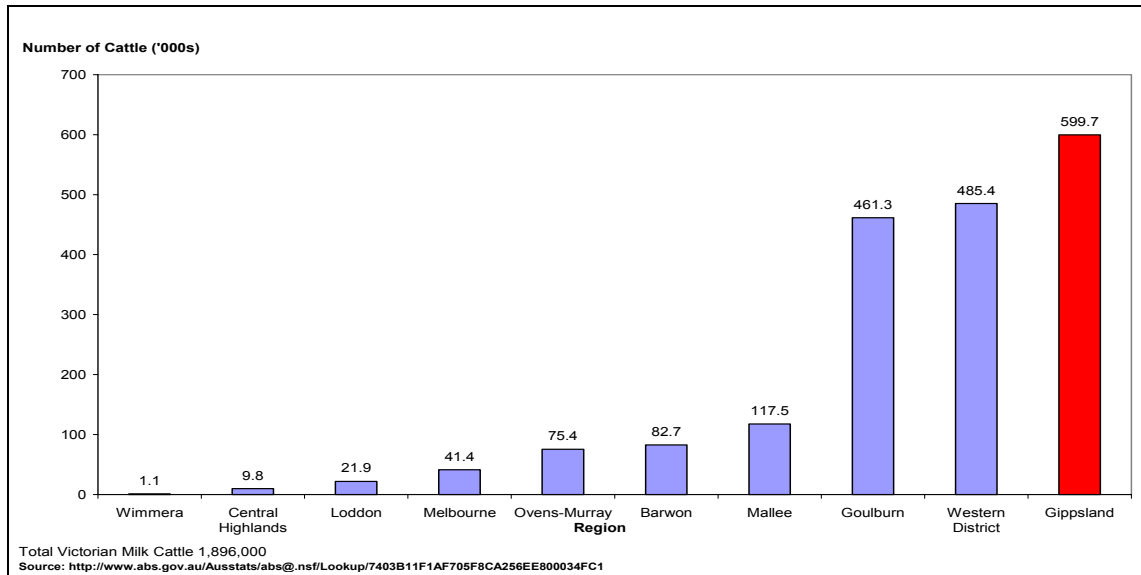
Figure 7 indicates that Gippsland also has greatest number of milk cattle of any dairying region in Victoria, or almost one third of the total Victorian herd.

TABLE 2.2 GIPPSLAND DAIRY PRODUCTION CENTRES[♦]

Location	Organisation	Shire/City
Darnum	Bonlac [♦]	Baw Baw
Toora	Bonlac	South Gippsland
Korumburra	Burra Foods	South Gippsland
Leongatha	Murray Goulburn Cooperative Ltd [♦]	South Gippsland
Maffra	Murray Goulburn Cooperative Ltd [♦]	Wellington
Morwell	National Foods [♦]	Latrobe
Poowong	United Dairy Power	South Gippsland

[♦]Major Employer with greater than 200 employees

FIGURE 7 VICTORIAN MILK CATTLE (JUNE 2003)



Logistics

As indicated in Table 2.5, all major dairy producers have production centres within the region.

The importance of Gippsland to the dairy industry is also indicated by its having the greatest number of milk cattle in Victoria, or almost one third of the total Victorian herd (Figure 11).

Milk is sourced from across the study region and transported to these production facilities in milk tankers. Product is then transported on heavy vehicles such as B-Doubles either to other facilities outside the region or the Port of Melbourne for export.

Murray Goulburn's Leongatha site is now its largest production facility in the state, producing over 20 different products such as milk powder and frozen butter for both the domestic and export markets. From the Leongatha site all product is moved to Murray Goulburn's warehouse in Laverton.

Burra Foods, another major producer for the Japanese market, is based in Korumburra but draws its milk from across Gippsland.

Bega Cheese collects milk across central and west Gippsland for cartage to its transfer plant at Maffra. It is then taken by B-Double tankers to Bega.

The organic dairy industry is also strongly represented in the Gippsland region with milk being sourced from across the region and moved to production centres outside the region such as Tatura.

Future Outlook

The dairy industry throughout Australian has undertaken significant structural change in the last few years as a result of industry restructuring and the removal of government marketing arrangements. However, dairy products remain Australia's fourth most valuable agricultural export.^{xii}

ABARE's short term outlook for the dairy industry – of which Gippsland dairy is a major contributor – is positive in value, volume and world price for exports. Milk yield per cow and total milk produced are also forecast to rise in the 2004-05 financial year from the previous years estimates by 2.7% and 3.3% respectively. The long term growth of the dairy industry, particularly in Gippsland, is strongly dependent on expanding export markets. Current forecasts for the export markets, particularly Asia and the Middle East, are favourable.^{xiii}

The Gippsland Agribusiness Forum commissioned a detailed study in 2003 into the future of the dairy industry in Gippsland. Preliminary results of this study indicate that the industry will experience significant growth in Gippsland, expanding by 60 per cent by 2012. This forecast is supported by a number of new developments currently in progress in the region. For example, United Dairy Power are in advanced negotiations with the South Gippsland Shire Council regarding the establishment of a new major processing facility in Leongatha to initially produce cheese and then expand into milk and specialty powders. Also, a new cheese processor is planning to commence building a production centre in Mirboo North in the 2005 calendar year.

2.4.3 Other Agriculture

As outlined in Figure 8, agricultural production (excluding dairy discussed above) is a major contributor to the Gippsland regional economy and was valued at \$446 million in 2002-03^{xiv}. Apart from dairy, the other major agricultural industries in Gippsland include cattle and calves, potatoes, sheep and lambs, wool, poultry, onions, green peas, pig slaughtering, french and runner beans, snow peas, grapes, goats, chestnuts and blueberries. Fresh fruit and vegetables as well as hay production are also growth areas.

FIGURE 8 GIPPSLAND REGIONAL AGRICULTURE VALUE 2002-03

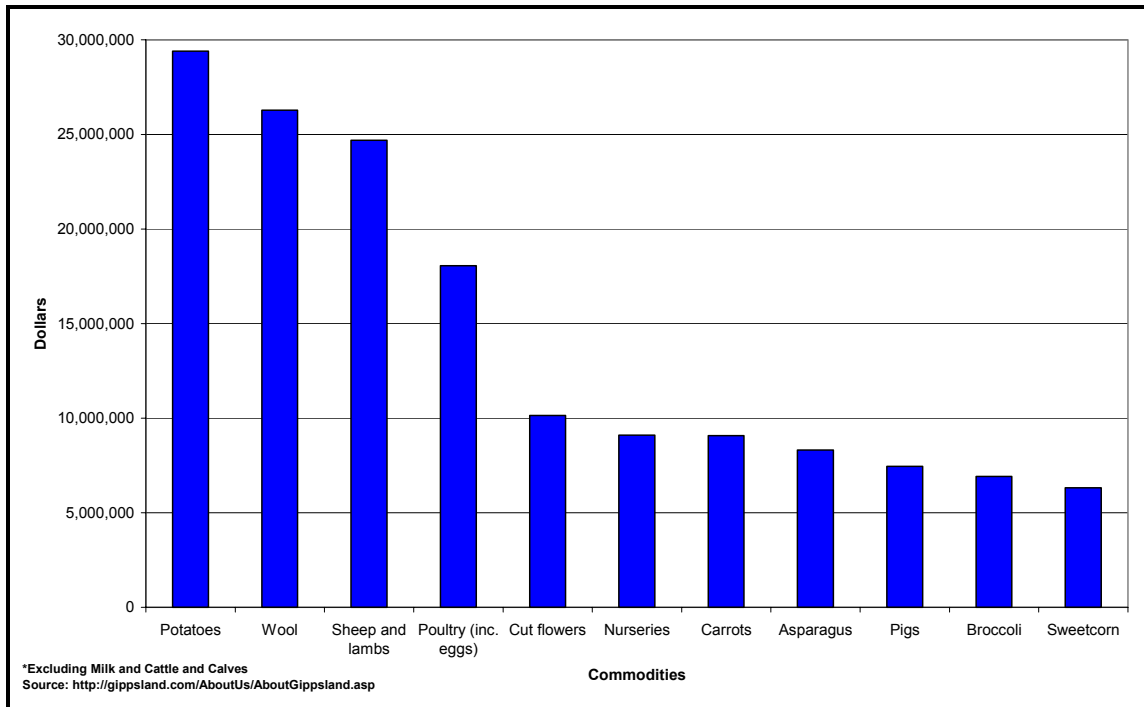


Figure 9 maps the main production facilities such as abattoirs, sale yards and major farms in the Gippsland region, detail regarding these facilities is outlined in Table 2.3.

Beef and dairy cattle production occurs across the region and is the main agricultural activity in East Gippsland.

Gippsland is a major supplier of cattle for the live dairy export market. Approximately 30 per cent (or more than 19,000 head of cattle) of the total live cattle exports are sourced from Gippsland. These cattle are transported from saleyards in Gippsland to Portland by road. The trade is expected to continue in the short to medium term with strong export demand from the major trade partner, China.

Gippsland is also a major source of sheep for live export. NIEIR estimated that 300,000 sheep are moved by road annually from Gippsland to Portland. A further 150,000 sheep are moved through Gippsland from the Eden-Monaro area. This equates to some 1,125 semi trailer trips each way per annum.

Beef and lamb production is also a major Gippsland industry. Within the region there are 2 major export abattoirs with a throughput of 260,000 cattle annually. There is also a major domestic abattoir based in Warragul, which has the facilities to produce both lamb and beef, with an annual capacity of 73,500 heads per annum. Another abattoir has recently been re-opened in Moe with a similar capacity. Another major abattoir is sited on the Gippsland boundary at Pakenham. It has a capacity to kill over 130,000 animals annually.

The Bairnsdale **saleyards** have one of the largest throughputs of cattle in Victoria. A number of other saleyards are located across the region at Warragul, Koonwarra and Korumburra and another facility on the immediate boundary at Pakenham. The Korumburra site alone handles over 120,000 cattle annually, resulting in at least 2,600 semi-trailer inward and outward trips per annum. A leather industry is based in Rosedale.

The **poultry** industry in Gippsland is currently centred in the City of Latrobe and Baw Baw Shire.. The largest single egg production facility in Australia, operated by Lyndale Poultry, is located in Morwell and sells eggs to the Gippsland market. The broiler industry is expanding in the region with land in the Latrobe Valley and South Gippsland designated as suitable. South Gippsland Shire has already had an application for a facility to house 150,000 broiler chickens at one time. This facility will have an annual turnover of over one million chickens that will be transported to the Ingham processing facility just outside of Gippsland at Somerville. All feed for the proposed facility will be transported into the Shire from just outside the study region at Clyde.

Stockfeed is produced within the region for cattle, horses, sheep, alpaca and llamas. There are two major processors based at Leongatha and Traralgon. National statistics are only available for dairy cattle and indicate that 961,400 tonnes of grain type based feed is used annually in the region. Suppliers would be both external and internal to the region. Hay is also transported into and around the region.

Wellington and East Gippsland Shires are also centres of **fresh fruit and vegetable** production. Vegetable production such as snow peas (70 per cent of Australia's export production), beans, broccoli, lettuce, sweet corn, asparagus and carrots are centred around the east Gippsland lakes and a fresh food industry cluster has been developed around Bairnsdale to service the Sydney, Melbourne, Adelaide and overseas markets. The product is time sensitive and extremely reliant on good linkages out of the region to ensure competitiveness. Product travels to the Sydney market via the coastal route on the Princes Highway or via the Monaro highway. There is also a strong export market in speciality items, for example **Momack Produce Pty Ltd** based in Koo Wee Rup, just outside the study region, exports asparagus to Japan, Taiwan, Hong Kong and Singapore and **Growco Pty Ltd** in Lindenow outside Bairnsdale, exports sweet corn, broccoli and asparagus to Japan and Singapore, making up about 70 per cent of Growco's total sales. This finished product is transported to the Port of Melbourne for export.

The **potato** industry in the Gippsland region is centred around the Thorpdale district in Baw Baw Shire. The industry was valued at over \$29 million in 2002-03.

Currently the Gippsland flower industry contributes 15% of the value of the Victorian industry. The largest growers are based at Ellinbank near Warragul, with smaller growers throughout Gippsland. The main varieties grown are daffodils, liliums and gladioli.

Transport Task

The freight movements of this industry are varied in destinations, volumes and seasonality. The most significant tasks in this area include movement of livestock from farms to the saleyards and abattoirs which are predominantly within the region. The other major freight tasks by volume include B-Double movements of fresh fruit and vegetables from the Sale and Bairnsdale region to the NSW and ACT market via the M1 or Monaro Highways.

FIGURE 9 GIPPSLAND REGION AGRICULTURAL FACILITIES AND PRODUCTION CENTRES

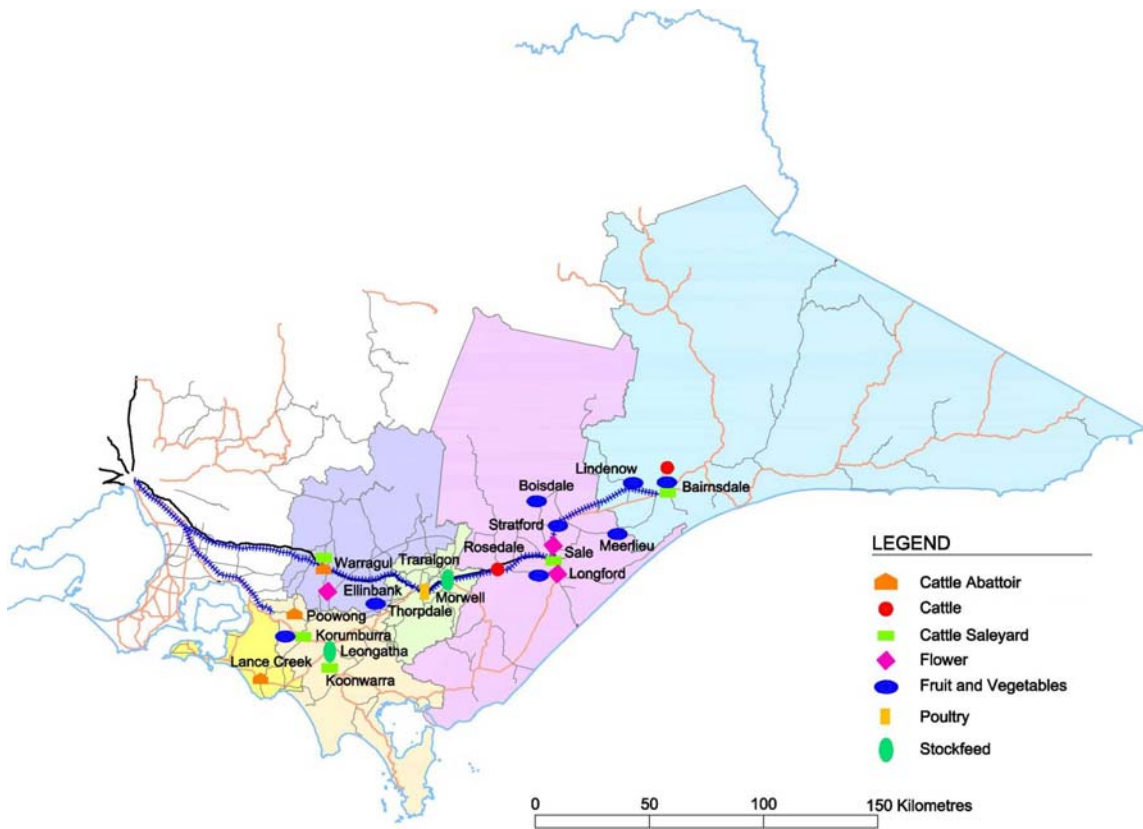


TABLE 2.3 AGRICULTURAL PRODUCTION CENTRES, SALEYARDS AND ABATTOIRS

Location	Description	Shire/City	Industry
Lance Creek	Export Abattoir	Bass Coast	Cattle - abattoir
Pakenham	Abattoir	out of jurisdiction	Cattle - abattoir
Poowong	Export Abattoir	South Gippsland	Cattle - abattoir
Warragul	Domestic Abattoir	Baw Baw	Cattle - abattoir
Bairnsdale	Patties Pies	East Gippsland	Food Manufacturer
Longwarry	Pure Harvest	Baw Baw	Food Manufacturer
Rosedale	Rosedale Leather	Wellington	Wet/blue Tannery

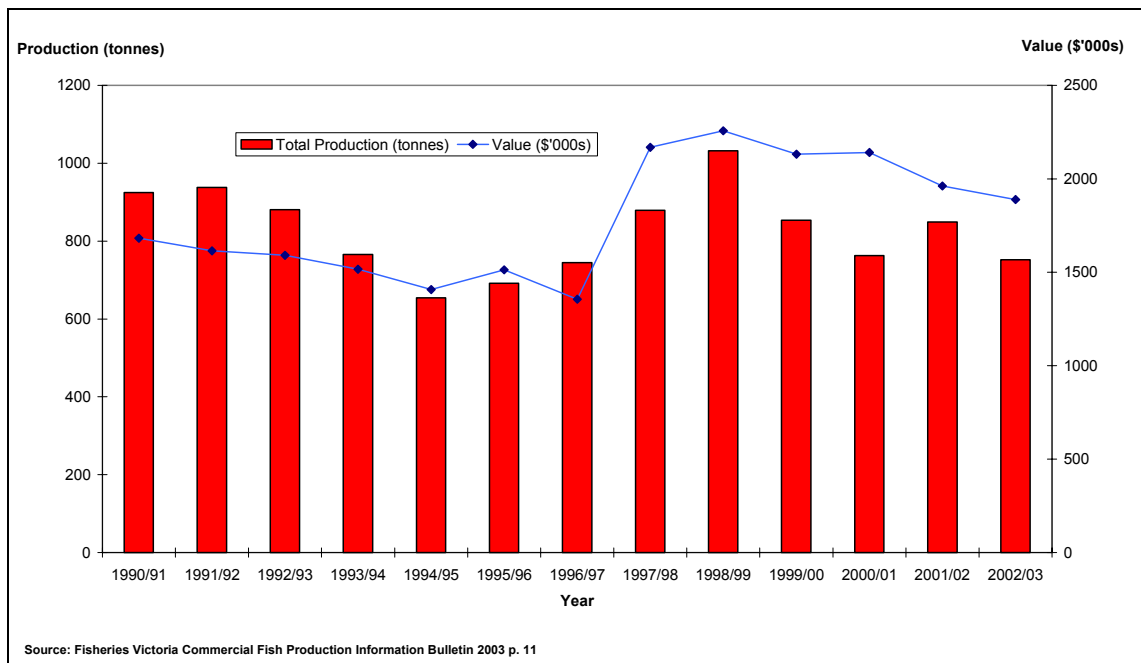
Location	Description	Shire/City	Industry
Bairnsdale	East Gippsland Saleyards	East Gippsland	Cattle - Saleyard
ale			
Koonwarra	Saleyard	South Gippsland	Cattle - Saleyard
Korumburra	South Gippsland Regional Saleyards	South Gippsland	Cattle - Saleyard
Sale	Sale Livestock Exchange	Wellington	Cattle - Saleyard
Traralgon	Saleyard	Latrobe	Cattle-Saleyard
Warragul	Warragul Baw Baw Livestock Exchange	Baw Baw	Cattle - Saleyard
Ellinbank	Flower Farm	Baw Baw	Flower
Hazelwood	Hazelwood Roses	Latrobe	Flower
Longford	Australian Wildflower Co.	Wellington	Flower
Longford	Longford Flowers	Wellington	Flower
Sale	Van Berkel Flowers	Wellington	Flower
Port Albert	Port Albert Wildflowers	Wellington	Flower
Bairnsdale	Vegco – Fresh Fruit and Vegetables	East Gippsland	Fruit and vegetables
Boisdale	Vegetable Farm - Cabbage and lettuce	Wellington	Fruit and vegetables
Koo Wee Rup	Momack Produce - Asparagus	out of jurisdiction	Fruit and vegetables
Korumburra	Select Produce - Snowpeas	South Gippsland	Fruit and vegetables
Latrobe	Hydroponic Tomatoes	Latrobe	Fruit and vegetables
Lindenow	Growco - Sweetcorn, broccoli and asparagus	East Gippsland	Fruit and vegetables
Longford	Covino Farm Produce	Wellington	Fruit and vegetables
Meerlieu	Vegetable Farm	Wellington	Fruit and vegetables
Meerlieu	Vegetable Farm - Potato	Wellington	Fruit and vegetables
Stratford	Vegetable Farm - Asparagus	Wellington	Fruit and vegetables
Thorpdale	Vegetable Farm - Potato	Baw Baw	Fruit and vegetables
Warragul	Flavorite Tomatoes	Baw Baw	Fruit and vegetables
Morwell	Lyndale Poultry	Latrobe	Poultry
Clyde	Stockfeed	Out of jurisdiction	Stockfeed
Leongatha	South Gippsland Stockfeed	South Gippsland	Stockfeed
Traralgon	Stockfeed	Latrobe	Stockfeed

2.4.4 Aquaculture/Fishing

The aquaculture and fishing industry in Gippsland is based around Lake Tyers and Lakes Entrance on the coast. A study conducted by VicRoads found that 50-60% of all fresh fish sold at Melbourne and Sydney fish markets comes from Lakes Entrance^{xv}. The value and tonnage of the industry has fluctuated significantly over time (Figure 10); most recent figures valued the 2002/03 catch at \$1,889,000^{xvi}. Though less important than the Lakes Entrance fishing fleet, the San Remo fleet, based in Bass Coast Shire, is nevertheless responsible for exporting approximately one thousand tonnes of seafood to Melbourne markets. The main species caught by value are black bream, European carp and tailor.

The abalone industry in Gippsland is centred in Mallacoota where 21 abalone licence holders are based, with 18 selling their catch to the local Abalone Fishermen's Co-operative. The co-operative processes the abalone for export markets in Japan, Hong Kong, Singapore and Taiwan.^{xvii} In 1999-2000 the Mallacoota abalone catch was valued at approximately \$18 million or around 30 per cent of the industry's value Victoria wide.

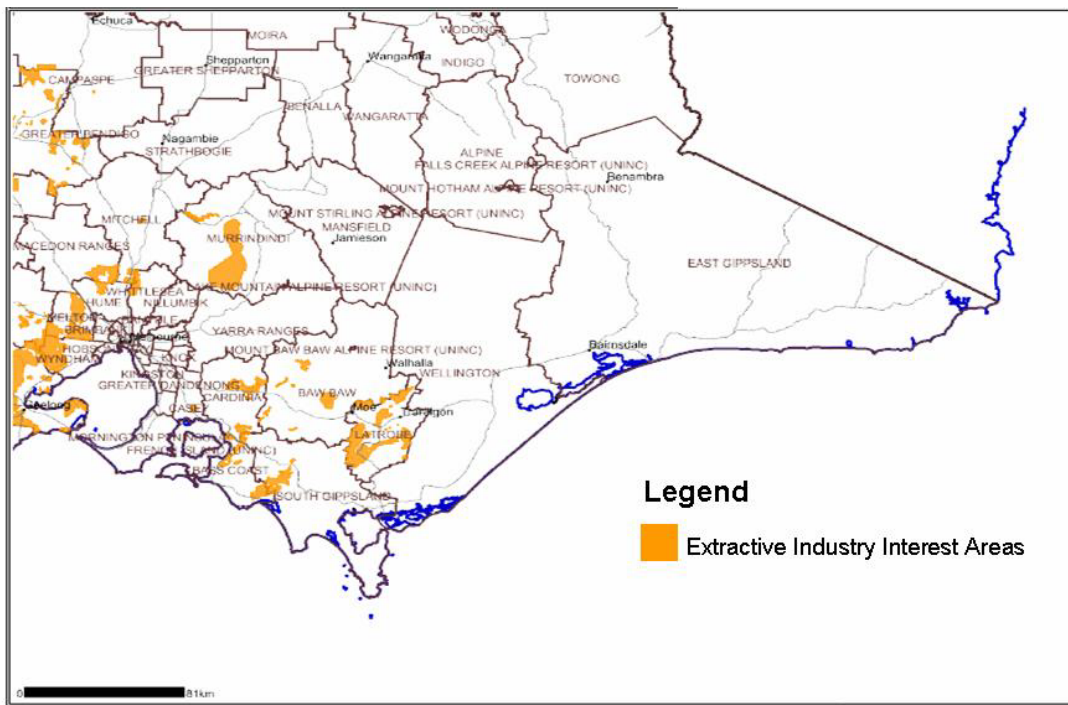
FIGURE 10 COMMERCIAL CATCH AND VALUE GIPPSLAND LAKES AND LAKE TYERS 1990-2002



Aquaculture is an emerging industry that carries some promise for Gippsland. New operators include K & C Fisheries in Sale who operates a cod farm which is producing between 500-1000 tonnes per annum of fresh and frozen cod for the domestic and European market. Other new operations include a major goldfish farm at Boolarra, another cod farm at Traralgon, an eel farm at Stratford and a trout farm at Noojee. At February 2001 there were 17 active aquaculture licences in the Gippsland region for such species as yabbies, native fish and ornamentals, although most are not yet commercially operated. It is expected that the industry will develop a farm based structure rather than sea-based, due to EPA and DSE regulatory requirements restricting development.^{xviii}

2.4.5 Extractive Industries

FIGURE 11 EXTRACTIVE INDUSTRIES SITES OF INTEREST



Generated at <http://nremap-sc.nre.vic.gov.au/MapShare.v2/>

Gippsland's natural resources include excellent hard rock and sand deposits, particularly in the City of Latrobe, near Trafalgar in the shire of Baw Baw, and in South Gippsland Shire at Grantville and Lang Lang, as indicated in Figure 11.

In the Latrobe region there are extensive high quality basalt and sand deposits that, according to the Victorian Department of Primary Industry, have 'lives' of over 50 years^{xix}. These deposits of sand lie in the Tyers region just to the north of Morwell where they will be available for use when intervening deposits nearer to Melbourne, have been diminished. High quality aggregate is produced at sites east south east of Churchill and estimates are that these reserves have lives of over 150 years at current rates of extraction.

These commodities are currently distributed east to Sale and Bairnsdale to be used in concrete and asphaltic concrete production. Quality stone is largely limited to river gravels and hill pits in those eastern areas. In 1999, the Latrobe City region alone produced over 200,000 tonnes of basalt and 250,000 tonnes of sand.

Drilling north of Trafalgar in the Shire of Baw Baw has disclosed a concrete sand resource 500 metres in depth, over an area of 31 kilometres². This sand would be suitable for use as concrete fine aggregate as well as other uses such as road pavement material and bedding sand.

It is likely that with the retirement of quarries closer to Melbourne and the movement of the population centroid of Melbourne eastwards, the deposits of building materials in the Trafalgar, Leongatha and Morwell areas will be increasingly developed.

The movement of these materials to central concrete and asphaltic concrete batching plants has been by road. Indeed the major extractive industry firms run ancillary fleets of trucks. This is in part to ensure management control of supply and transportation costs. There is a renewed appetite to investigate rail options for the bulk line haul movements of these materials.

The Department of Infrastructure has developed some preliminary work with the City of Latrobe in respect to bulk handling facilities to service a sand mining venture. This venture could amount to one million tonnes per annum of stone and sand between Morwell and Melbourne.

2.4.6 Electricity, gas and oil

Gippsland produces 97% of Victoria's natural gas, 25% of Australia's crude oil and 90% of Victoria's electricity^{xx}. The region has abundant natural energy resources. Brown coal reserves are estimated to have a life of between 600-800 years at current rates of consumption.

Latrobe is an internationally renowned centre of excellence in brown coal mining and power generation technology and contains the largest accessible coal resources in Australia. The region annually produces over 60 million tonnes of coal through open-cut mining techniques, for conversion to briquettes, char and electricity. **A number of major coal based developments currently being scoped for the Latrobe Valley have the potential to create multi million tonne external transport requirements over the coming decade.**

At present, the Latrobe Valley has a combined installed electric power capacity of 7,500 megawatts. The electricity generators Loy Yang Power, International Power Hazelwood, Loy-Yang B, Industrial Energy (HRL) and Yallourn Energy are major employers in Latrobe Valley.

Energy Brix Australia also operates in the Latrobe Valley as an electricity generator for the National Electricity Market and producer of briquettes. Their facility can produce up to 750,000 tonnes of briquettes per annum. Briquettes, which are a low moisture, high energy fuel, made from dried and compressed brown coal, are utilised by the textile, wool, hydroponic cultivation, dairy industries and in power stations as fuel to raise industrial steam and produce heat and hot water in the textile and wool industry. Currently, a proportion of these briquettes are roaded out of the plant in containers to the Port of Melbourne to service the Tasmanian market. The remainder is taken in loads of 45 tonnes on road to customers within Gippsland - such as Murray Goulburn in Leongatha - and other businesses in Victoria and interstate.

The Gippsland Gas Basin has close to 90 per cent of the State's total natural gas resources.

The main transport task of the gas and electricity producers does not impact on the land transport network as their major output is carried in pipes or wires. There are however, a number of intermediary movements which require consideration in the development of this transport strategy. For example, Esso, who own and manage the Longford oil and gas processing plant as well as the Barry Beach Marine Terminal which receives regular general cargo such as pipes, diesel fuel, water, glycol, barites and cement and other maintenance infrastructure whilst the Barry Bach facility also receives food provisions for the offshore rigs. These freight demands are serviced by a number of vehicle types are generally irregular and just in time delivery from depots in Sale and Dandenong. Further, the freight task is often very heavy plant and equipment which can have a significant impact on the road network, in particular the Princes Highway.

2.4.7 Other industries

A number of other industries of significance within the region contribute to the transport task.

For example, the movement of fertiliser into and within the region occurs to support the agricultural farming base. This freight movement typically involves two distinct transport tasks. First, there is the movement of large volumes of fertiliser from the fertiliser producers (such as Incitec Pivot) from Geelong to storage facilities within the region. Then there is the much more fragmented and smaller transport task of moving fertiliser mixed for specific farms from these storage facilities to the farms themselves. A recent report estimated that the total volume of fertiliser supplied into Gippsland was approximately 140,000 tonnes per annum^{xxi}. All movements are currently undertaken by road although there is capacity for the inbound task to be handled by rail.

3. POLICIES AND MEASURES REQUIRED TO ASSIST IN ACHIEVING GREATER EFFICIENCY IN THE AUSTRALIAN TRANSPORT NETWORK

A recent study commissioned by the Gippsland Local Government Network, SEATS and principally funded by the Australian Government's Sustainable Regions Program investigated the transport issues facing the region. This study involved consultation with industry, government and community in order to identify priorities and impediments to transport in Gippsland.

Of relevance to this review are the following findings from this study.

3.1 Land Transport Access to Ports

3.1.1 Rail Gauge Incompatibility

The rail gauge for the Gippsland lines is broad. This means that connectivity to the interstate and intrastate standard gauge systems is not possible without bogie or cargo exchange arrangements. The Victorian Government has embarked upon a program to increase the proportion of the Victorian rail network that operates on standard gauge, as outlined in Figure 12. This means that the future for national and interstate rail traffics is standard gauge. The advocacy of bogie exchange options is at best short termism and at worst the death knell for Gippsland rail traffics beyond Dynon and Geelong. The rail dilemma for Gippsland is in part the classic backhaul problem. As a net exporter of produce and commodities it is difficult to balance the traffics using rail in Gippsland. The problem is exacerbated if the potential inbound products are bound by standard gauge access.

The Melbourne- Bairnsdale line was not prioritised in the Victorian standardisation program. This is due to many factors. One reason given was that the co-existence of frequent intercity passenger rail services in the corridor that must operate in conjunction with the suburban broad gauge network, is seen as an impediment to any standardisation of the rail networks in the South East.^{xxii} The extension of standard gauge to Gippsland would require the dual gauging of a line between Pakenham and Dynon, west of Melbourne’s CBD. Another salient issue is that the region does not currently present high volumes of freight for rail carriage and any investment would be difficult to justify. The latter argument is in part self-fulfilling – without investment and marketing there will be no freight for rail carriage.

FIGURE 12 CURRENT RAIL GAUGE STANDARDISATION PRIORITIES ON THE VICTORIAN NETWORK^{xxiii}



The long term retention of broad gauge is a significant problem for the region of Gippsland and the competitiveness of its economy. At the completion of the proposed conversion to standard gauge program in Victoria all regional communities in Victoria, **apart from Gippsland** (and to a lesser extent Warrnambool), will be able to access a standard gauge rail line within a reasonable haul length. The alternatives for Gippsland freight are either road cartage or transshipment in Melbourne, or developing a bogie exchange facility akin to the steel traffic yard for Westernport traffics. Neither of these is costless compared to a single load to rail and haul.

But the isolation of Gippsland as one of few remaining broad gauge lines has more subtle ramifications. With more intra and inter state freight lines converted to standard gauge, the rolling stock investment priorities for rail companies will be firmly focussed on standard gauge. This will have an expanding and adverse impact on the competitiveness of rail into and out of Gippsland. The other implication is that if Westernport is to be the future container port in Victoria after Melbourne reaches capacity, it will need to be served by standard gauge rail if it is to provide seamless transport services, as expected of modern ports. The opportunity to cater for standard gauge conversion was lost in part when the regional fast rail upgrading project chose not to provide fittings for standard gauge in the new sleepers for the track.

There is a new opportunity in avoiding this with the proposed triplication of the Dandenong to Caulfield line. We contend that this opportunity should be grasped as a low cost no regrets approach.

3.1.2 Gauge issues into Melbourne

In the recently announced integrated transport plan for inner and outer Melbourne, the Victorian State Government announced the intention to design and construct a third track on the Dandenong line between Caulfield and Dandenong. Although this is designed to facilitate and improve passenger services between Dandenong and Melbourne, it has the potential to be dual gauged, thus removing one of the principal constraints facing the rollout of standard gauge rail to Gippsland. This would have long term positive impact on the movement of freight originating from Gippsland and moving through Melbourne onto the standard gauge network to major domestic markets and ports.

3.1.3 Rail Gauge issues into Victoria's second container port

In the recently released Victorian Port's Strategic Framework^{xxiv}, the Port of Hastings has been nominated for long-term development to supplement the Port of Melbourne container market capacity. Currently the port is serviced by broad gauge rail; however, given its expanding role there will be a need to ensure that it links seamlessly into the main Victorian and interstate network. Without standardisation of the rail line to Hastings the port will remain isolated and ineffective in its expanded role. Standardising the gauge to Hastings will be to the benefit of Gippsland as it will be a major international port in close proximity to the region.

3.1.4 Connections to the Sydney market

The Princes Highway operates as the major freight transport route to the Sydney and Sapphire Coast markets of New South Wales. The movement of food and rural products from the Mitchell-Snowy region of East Gippsland to the adjacent lower South Coast region of NSW is the largest single road movement of its type out of the State.^{xxv} It is therefore incongruent that, this link on the route between Melbourne and Sydney is not considered as nationally significant whilst the two adjoining legs (Melbourne to Sale and Wollongong to the Illawarra are included)_

Many stakeholders noted a number of issues with transport movements on the Princes Highway. In particular the following points were common to many of the stakeholders:

- Interaction of freight vehicles and tourist traffic
- Lack of passing lanes and truck stopping areas
- Deficiencies in road width and shoulder sealing.

These were seen as major safety and productivity issues. A related problem was lack of mobile telecommunications coverage in the region for much of the route from Orbost to the border.

These shortfalls increase transport costs and reduce the competitiveness of Gippsland's interstate commerce.

VicRoads recently released a program of infrastructure improvements. In this study they highlighted the following shortfalls:

- Variable safety standards of road geometry east of Lakes Entrance
- High accident rates east of Orbost
- Lack of overtaking opportunities
- Poor alignment at a number of locations including Raymond, Mt Drummer, Orbost to Brodribb River and Cabbage Tree Creek Area.

3.1.5 Connections to the ACT and NSW regional markets

Gippsland's economic development, particularly along the Princess Highway East spine, is restricted by the lack of a suitable highway connection to the ACT and New South Wales market.

Currently, the agricultural and timber industry utilise the Monaro Highway to move fruit and vegetables to Sydney and Canberra and timber/chips for export at Eden. The Highway supports a number of other industries in its vicinity including dairying, beef cattle, timber and tourism. It also connects to the Princes Highway, the Snowy Mountains Highway, providing access to the NSW Alpine Resorts and Kosciusko National Parks, the Federal Highway (Highway 23), providing access to the Hume Highway and Sydney, Imlay Road, providing access to the port of Eden and Bonang Road, providing alternative access from Orbost to Bombala (via Delegate). The Highway attracts a growing number of passenger and tourist vehicles wishing to access east Gippsland or Southern NSW/Canberra markets.

On the section of the Highway from Cann River to the NSW border the road conditions and the narrow and windy alignment of the road are not adequate. The Highway currently operates as a two lane, two way rural highway which begins in the flat open country on the Cann River floodplain before climbing into moderately hilly terrain approaching the NSW border.

Although traffic volumes are considered moderate with approximately 400 vpd^{xxvi} the proportion of heavy vehicles which utilise the route is relatively high at 30%. Consultation and review reiterated the problems to users of tight alignment and narrowness of the highway pavement and shoulders restricting overtaking opportunities along the highway.

VicRoads has noted locations of high crash incidence as the 6 km section in the vicinity of Noorinbee North including the bend near Log Bridge Creek and a 2 km section approximately 10 km north of Cann River. Other issues raised during consultation and review were the narrowness of the Cann River Bridge and the issue of overhanging trees causing truck damage and dangerous driving conditions.

3.2 Capacity and Operation of Major Ports

3.2.1 Lack of deep sea port facilities

An industrial precinct and private deep water port at Barry Point in South Gippsland has long been mooted for development as a commercial port. The site enjoys access by both road (South Gippsland Highway and Barry Road) and sea via the Toora and Barry Channels in Corner Inlet. Esso Australia presently operates a maritime terminal (Barry Beach Marine Terminal) immediately adjacent to the proposed site. Feasibility studies into the development of the Barry Beach facility were completed in December 2001.

Consultations with the private project proponent have identified that many of the environmental and land side infrastructure issues have been addressed and it is possible that freight will be exported across the wharf in 2005, with other vessels servicing the offshore oilfields.

The timber industry has been identified as a possible user of a port at Barry Beach and this study had confirmation of that preference from timber industry representatives. Another option recently suggested including shipping yellow fin tuna to South Australia for processing.

3.3 Movement of Bulk Export Commodities

3.3.1 Movement of coal based export commodities

Much of the significant brown coal deposits in Gippsland are utilised in electricity generation on site. However, the growing demand for resources from Asia is seeing some investigation of export opportunities. Although currently dormant, the potential for exponential growth in bulk export commodities from the region in the short term is very high. Thus it is imperative that the ability to move these commodities efficiently is ensured. For the volumes being considered, rail will be the only viable option and thus serious consideration regarding the standardisation of rail track and the provisions contained in the Victoria rail access regime need to be clarified so that private investment and export capacity can be quoted confidently.

3.4 The Role Of Intermodal Freight Hubs In Regional Areas

3.4.1 Access and Infrastructure for Intermodal Terminals in the Region

There exists at Morwell a road/rail facility as the Gippsland Intermodal Freight Terminal (GIFT).

The terminal has been dormant since late 2002 or more following a very positive start up. The facility is supported by the City of Latrobe and the State Government has agreed to extend the existing 600 metre siding to about 900 metres. The site is owned by VicTrak and leased to Pacific National. There is no other substantial intermodal facility between Dandenong and Bairnsdale. The City has also completed a master planning study of the 64 hectares of city-owned land adjacent to the terminal. One of the potential uses at this related site is envisaged to be freight and transport/warehousing facilities.

In 2002, a proposal was developed to create a road-rail freight facility for East Gippsland, located at Bairnsdale, which would complement the GIFT facility and provide the eastern extremity of the State with a much needed freight hub. This site is presently only used for log transport to Geelong.

3.5 Opportunities to Achieve Greater Efficiency in the Use of Existing Infrastructure

A number of initiatives have been raised which should enable Gippsland to achieve greater efficiency on their arterial road network.

3.5.1 Future through traffic arrangements in Traralgon

In the future, with the growth of traffic on the M1, there will be a need for a bypass of Traralgon, the Gippsland region's largest individual population centre.. VicRoads has initiated a Princes Highway East Traralgon Bypass Planning Study^{xxvii} which has indicated a preferred route, allowing preplanning and land purchase. The cost for the project was estimated at approximately \$123 million for a two lane highway and \$193 million for a four lane freeway configuration. The route options were also compared in terms of their residential, agriculture, flora and fauna, heritage and local and regional business level impacts.

The benefits of the bypass will include, improved freight efficiencies and greater transport safety.

3.5.2 Heavy vehicle traffic through the centre of Bairnsdale

Bairnsdale's Main Street (Princes Highway) is facing increasing growth in traffic volumes and a concomitant increase in the number of heavy vehicle movements. Many of those consulted noted concerns regarding heavy commercial vehicle traffic and the amenity and safety in Main Street.

Feasibility work has been completed on the development of a truck bypass of Bairnsdale with route options and preliminary costings defined. Although no preferred route has been determined, estimates of the construction costs are in the order of \$7.4 million (excluding GST and land acquisition).

3.5.3 Heavy vehicle traffic through the centre of Sale

Sale faces similar issues to Bairnsdale in terms of heavy vehicle movements through the centre of town. Since 1997 road and bridge improvement works have occurred on the Sale - Heyfield Road and Myrtlebank Road, resulting in an increase in commercial vehicle use of these roads to bypass Sale.

Traffic counts taken in 2001 and 2004 show an increase in commercial vehicle use between 63%-100% on various sections of the route during that time.

VicRoads are continually monitoring traffic using roads to bypass Sale and develop improvement proposals for consideration by the Government.

3.5.4 Impediments on the South Gippsland Highway

VicRoads has recorded unacceptably high casualty accident rate over 1993-1997 and particularly highlighted the following transport issues for the study area:

- Poor accident sections between Lang Lang and Toora
- Sections with low standard alignment and high incidence of crashes near, Ruby, Black Spur, Foster and Toora
- Limited overtaking opportunities between Lang Lang and Welshpool
- Flooding that overruns the highway every one or two years
- Lane widths less than standard, particularly between Woodside and Longford
- Congestion through towns, particularly in Leongatha.

The long-term plan for road improvement projects highlighted in the VicRoads Strategy document is ultimately determined by funding levels allocated across the region and across the State. Nevertheless, consultation with a number of freight movers and the relevant local shires did note the safety issues inherent in the issues raised above.

3.5.5 Capacity of the Princes Highway between Traralgon and Bairnsdale

One of the major impediments to safe and efficient road travel within the region is the capacity and standard of the Princes Highway between Sale and Traralgon.

SEATS has given priority status to the extension of the dual carriageway from Traralgon to Sale thereby extending the standard from Melbourne into the heart of Gippsland This in turn will enable a faster, safer and more efficient road transport link for over 9000 vehicles per day..

Traffic growth has increased by 3% a year and is expected to continue to increase by up to 3% a year for the next 15 years.

Heavy vehicles make up between 14% and 20% of total traffic volumes. The Highway serves many industries of State and national importance, including dairying, paper manufacture, mining, fishing, timber and electricity generation. The number of B-double trucks using this sector is increasing significantly.

The Highway carries up to 9,000 vehicles per day throughout the year. However as this part of the Princes Highway links Melbourne with major Victorian holiday resorts around the Gippsland Lakes and the eastern coastal belt. Traffic volumes double during school and public holidays.

The project to upgrade the Highway to cater for the peak demand during school holidays, Christmas and Easter, is listed in the Princes Highway East Strategy produced by VicRoads. The strategy proposes that the Traralgon-Rosedale section be duplicated between 2004 and 2007, and the Rosedale-Sale leg in the period 2009 to 2012. The duplication of the M1 to create, by stages, a dual highway from Traralgon to Sale and in time beyond to Bairnsdale, would reduce travel times and improve safety on a stretch of road that caters for significant intra and inter-regional freight traffic.

Discussions with VicRoads have noted that duplication of this link is a long-term project under consideration for the forward funding program. Further, this section of the Highway (only to Sale) forms part of the AusLink National network and hence timing of further funding is contingent on Both Commonwealth and State funding priorities.

However, there remains a stated need for more passing loops and blackspot removal on the route and discrete projects such as these should be considered under VicRoads road safety management responsibilities

3.6 Possible Advantages from the Use of Intelligent Tracking Technology;

Gippsland is already exploring opportunities to improve heavy vehicle productivity with the private sector.

VicForests is promoting commercial pricing of logs ex logging coup. One of the significant cost components of the landed log cost at mill or rail head is the road haul cost. Maximising the permissible payloads is a very cost effective tool for driving down total landed costs of logs. On the other hand, the cost of pavement damage and bridge wear from overloaded log trucks is an externality that local authorities and state road agencies bear. The ability to be able to accurately measure and build loads that maximise the permissible axle loadings will help solve this dichotomy. The provision of modern weighbridges at strategic sites is one solution.

VicForests sees that a set of fixed log truck scales in the far east of the study region will enable rapid and accurate weighing of the trucks accessing the State and local road networks. This has the ability to enhance the productivity of log trucks and VicForests commercial return, whilst reducing pavement wear. In addition, the weighing of loads will aid invoicing and improve payloads. This in turn will reduce the total number of vehicle movements and the weighing of loads, and assist in meeting mass management schemes in Victoria and where appropriate, in NSW. The likely total cost of a single facility is \$250,000 with possible contributions from VicForest, VicRoads, RTA and AusLink as a demonstration project.

A set of fixed log truck scales in the far east of the study region will enable rapid and accurate weighing of trucks accessing the State and local road networks. This has the ability to enhance the productivity of log trucks, enhance VicForests commercial return, and reduce pavement wear.

4. THE ROLE OF THE THREE LEVELS OF GOVERNMENT AND THE PRIVATE SECTOR.

4.1 The AusLink process

Gippsland, like the remainder of the SEATS region, did not fare well under the AusLink National Network:

- The Monash Freeway and the Princes Freeway to Traralgon and the Princes Highway to Sale were identified on the Network but no specific funding initiatives were outlined
- The remainder of the Freeway between Sale and the NSW border (and indeed) further through the Illawara region to Wollongong) is not included on the network
- Although Gippsland does have passenger and rail freight services, the infrastructure associated with the services was not included in the national network. Recent infrastructure works of nearly \$200m in the Gippsland rail corridor have been funded solely by the State Government

There is no rail link and only a limited road network in the Gippsland Region that is contained within the national funding regime.

This constitutes a major impediment to effective and efficient transportation, as it excludes the region from vital AusLink funding and disenfranchises Gippsland from future connectivity to the national standard gauge rail network.

4.1.1 Local Government Role

Local Government in Gippsland have taken a proactive approach to working with State and Federal agencies to improve the transport outcomes for the region. In particular, the Gippsland Local Government Network has begun working together on freight transport issues to provide a one-stop shop approach to other levels of government and reducing the combative nature of funds sourcing. Gippsland has also begun a more structured approach of engaging and maintaining their private transport champions to ensure that infrastructure investment is targeted.

Gippsland also acknowledges the ongoing strong relationship with the VicRoads Eastern office who interact well with both local government and private sector.

4.1.2 State Government Considerations

The Councils of Gippsland, SEATs and GACC appreciate the many considerations that State agencies have, however improved interaction and more equitable decision making on the part of the State would be advantageous. As noted, volumes of freight move in and around the region at levels that are disproportionately high in relation to the relatively low population. This means that the conventional allocative formulae used by State Governments for infrastructure funding, which uses population or a surrogate measure as a key determining variable, tends to provide distortions in resource allocation models and is inappropriate for Gippsland.

The State Government also has a significant role in determining an appropriate and effective rail access regime. In deliberating on this regime we stress the importance of the rail network to the ongoing export competitiveness of the region.

5. CONCLUSION

SEATS, the Councils of Gippsland and GACC appreciate the opportunity to contribute to this important initiative. We see the role of local government to make proactive decisions to improve export competitiveness. We are already pursuing proactive and innovative methods to utilise and better integrate the current transport network better to ensure our export competitiveness is improved.

We feel that many of the issues discussed in this paper could be alleviated with more equitable and broad Australian Government policy which took into account the role of freight transport in transport investment decision making, particularly in the rail sector.

We are happy to expand on any of the issues discussed in this submission. For further information please contact Ralf Kastan, Director Assets and Operations, Wellington Shire Council (03) 5142 3471 or ralfk@wellington.vic.gov.au)

1.1.3

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- ⁱⁱⁱ VicRoads (1999?) *South Gippsland Highway M420/A440 Corridor Strategy – Dandenong To Sale*
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