Promoting North Queensland
Townsville Enterprise
REGIONAL DEVELOPMENT • TOURISM • CONVENTIONS • EVENTS

6 June 2005

Mr Paul Neville MP
Chair
House of Representatives Standing Committee
On Transport and Regional Services
Parliament House
CANBERRA ACT 2600

Re: Inquiry into the Integration of Regional Rail & Road Freight Transport and their Interface with Ports

Dear Mr Neville

Thank you for the opportunity to provide comment on the above Inquiry. Townsville Enterprise's response is attached in the following document.

Yours sincerely

Frank Dallmeyer
Manager – Regional Development

Phone: +61 7 4726 2728; Fax: +61 7 4726 2700;

Emal: tel@tel.com.au; Website: www.townsville.com.au; PO Box 1043; Enterprise House, 6 The Strand, Townsville, Queensland 4810 Australia

INTRODUCTION

TOWNSVILLE ENTERPRISE

Townsville Enterprise is the peak development, promotion and marketing organisation for the North Queensland region, centred on the cities of Townsville and Thuringowa and includes the Shires of Cardwell, Hinchinbrook, Burdekin and Dalrymple and the City of Charters Towers. The organisation has a current membership base of over 580 including local government, business and industry from throughout the region.

PURPOSE OF THIS RESPONSE

This submission provides a response by Townsville Enterprise to the House of Representatives Standing Committee on Transport and Regional Services *Inquiry into the Integration of Regional Rail and Road Freight Transport and their Interface with Ports*.

This response seeks to reinforce the value of the region to the national economy and highlight the transport infrastructure improvements that could be made to enable further growth in the region.

It is important to remember that a great majority of Australia's key bulk commodity exports are shipped from regional Ports. The lack of infrastructure at key coal loading points on the Queensland coast is already having an effect on the national economy. While this is having an acute effect at present, a number of Ports along the Queensland coast dealing with bulk commodity exports are suffering from inadequate infrastructure investment with both Port facilities but also intermodal transport infrastructure.

This submission will focus on the importance of the Port of Townsville to the economy of North Queensland and the North West Minerals Province and the further investment required to maintain and enhance the economic growth in the region.

NORTH QUEENSLAND REGION

The North Queensland region is an outstanding example of a region committed to developing business and industry potential. The cities of Townsville and Thuringowa form the dominant business centres and act as the central development hub for the region. Sub-regions, including the Burdekin, Charters Towers, Dalrymple, Hinchinbrook and Cardwell, offer considerable industry diversity and support to the region. The region operates as a primary support centre and transport hub for the mining, tourism and agricultural sectors. Close to South-East Asian markets and with good port and airport facilities, the region has a comparative trading advantage over other Australian locations and in recent years has demonstrated its potential by attracting, supporting and growing a diverse range of regional businesses.

The long term economic outlook for the North Queensland region is very positive. However, there are a number of identified challenges that must be met that will significantly shape future prosperity of the region. The role of the Australian Government in funding, planning and delivering a nationally integrated transport plan is a crucial element to the region's

continued success. To achieve this, transport infrastructure must be designed to build on the strategic framework developed for the region. An efficient and effective transport network will be the most vital input to future growth in the region.

THE IMPORTANCE OF AN EFFICIENT REGIONAL RAIL AND ROAD NETWORK

Townsville Enterprise understands that the majority of public monies designated to transport must be applied to those areas where the greatest passenger densities exist. However, it should not be forgotten that regional freight routes that may not carry great passenger numbers, nonetheless are extremely important to the health of the national economy. In addition, the use of intermodal freight hubs in regional areas is far

more efficient for bulk commodity exporters due to its ready access and proximity to the source. The importance of maintaining high standard freight transport facilities should not be underestimated as a key economic driver in regional areas.

GROWING TRANSPORT TASK IN NORTH QUEENSLAND

The North Queensland region currently has strong demand for its road and rail infrastructure. The following outline gives an idea of the regional freight task in North Queensland.

RAIL TRANSPORT

The North Queensland region accounts for around 13% of Queensland's rail system (which includes over 9,514km of track), with 138km located between Townsville and Home Hill and 977km located on the rail line between Townsville and Mount Isa. In addition, there is also 341km of track north of Townsville toward Atherton and Cairns. Rail services a variety of customers in the region, including commuters, tourist, freight and industry (e.g. mining, agriculture).

At last official estimate, approximately 54.9 million tonnes of freight originated in the region, or was destined for the region[1]. This level of freight was the most significant of all the transport modes, including road, air and sea. The majority of rail freight moved through the region comes from mining activities in the North West Queensland Mineral Province, with the rail freight task containing:

- Mining inputs such as sulphuric acid, xanthates, cement, lime grinding media and petroleum;
- Mining outputs such as zinc, copper and lead concentrates from Mount Isa, Cloncurry, and Charters Towers;
- Fertiliser from Phosphate Hill;
- Processed metals railed from Mount Isa and Cloncurry to Townsville and interstate; and

[1] ABS catalogue number 9222.0, year to the March Quarter 2001.

- Sugar rail freight south of Townsville to Home Hill and Ayr, with exports of sugar from the Port of Townsville at around 1.3 million tonnes per annum.

In line with the North Queensland region experience, Queensland Transport estimates that around 97% of rail freight in Queensland is related to mining activities, with the remaining freight comprising of livestock and other general stock. Given the number of mines located in North Queensland, growth in that sector is likely to continue to place pressure on existing infrastructure by significantly increasing the rail freight task for the region.

ROAD TRANSPORT

The North Queensland region covers over 39% of the State's area including many vast, remote areas and therefore operates in a challenging environment. The region has the largest share (40%) of the State's unsealed road network and a substantial share (37%) of its single-lane bitumen network. The road network in the region is comprised of 2,250km of State-controlled roads, including 450km of National Highway. The monsoonal climate and sensitive environmental area – including many of the State's World Heritage Wet Tropics areas – continue to pose difficulties for road construction and maintenance activities.

The road network provides for a variety of users with diverse needs, incorporating passenger transport (motor vehicles, bikes, buses, etc.), machinery transport and freight transport. The road transport task is increasing, particularly in relation to the demands from export orientated and road freight dependent industries including mining, grazing, agriculture and tourism. To support the region's strong presence in the national and global economies, the road system needs to support efficient movement of goods from producers to consumers, and provide efficient intermodal connections at our rail terminals, ports and airports. In North Queensland, roads are the essential link for freight transportation.

At last official estimate, approximately 20.9 million tonnes of freight originated in the region, or was destined for the region[2]. To give an idea of the road freight task in terms of average weight, the average payload per loaded heavy freight vehicle on the Bruce Highway just north of Townsville has been estimated at around 12 tonnes (as measured at a sample of weigh-in sites).

RELATIONSHIP AND EFFICIENCY OF THE REGION'S RAIL AND ROAD NETWORK AND ITS CONNECTIVITY WITH PORTS

The Australian Government's AusLink package announced in July 2004 is a step forward for land transport planning in Australia. Townsville Enterprise fully supports an integrated approach to major infrastructure planning of this nature. However, greater Government emphasis needs to be placed on shifting the freight transport burden to rail, particularly in North Queensland.

Under the AusLink package, the Mount Isa – Townsville Corridor was recognised as a route of national significance in the Plan. However, the Government declined any funding to the upgrade of the route in the next five years. Due to the corridors heavy freight use, the

[2] ABS catalogue number 9222.0, year to the March Quarter 2001.

inefficincies in the existing rail line is forcing private companies to use road as a preferred transport option along the corridor. This is not an optimal transport situation for heavy industry users or private vehicles.

While the most common mode of freight transport in the Mount Isa – Townsville Economic Zone (MITEZ) is sea transport, the amount of freight transported by road and rail in the region is expected to grow by between 1% and 3% per annum.

The 977km Mount Isa to Townsville rail line is essential for the efficient transportation of both freight and passengers. Commencing at Stuart on the North Coast Line just 10km south of Townsville, the line services the industrial and rural communities of North-West Queensland with all trains being hauled by diesel electronic locomotives.

The track (1,067mm gauge) between Stuart (Townsville) and Mount Isa (known as the Great Northern Railway) is a mixture of 41-53kg per metre steel based on steel or concrete slab sleepers, operating a

number of diesel electric locomotives. In terms of operational constraints of the track, the maximum speed on the rail line is generally 80km per hour, except under the following conditions:

- If the air temperature is above 38^{o}C and less than 40^{o}C, trains on timber based sleeper tracks are limited to a maximum speed of 60 km per hour;
- If the air temperature is above 40^{o}C, trains on timber based sleeper tracks are limited to a maximum speed of 40 km per hour; and
- If the air temperature is above 40^{o}C, trains on concrete based sleeper tracks are limited to a maximum speed of 60 km per hour.

These restrictions obviously place limitations on the efficiency of rail transport through the region, although the main line is primarily constructed using concrete or steel based sleepers and most trains are able to travel at the maximum speed the majority of the time. However, there are problems with tracks buckling due to the expansion and contraction of the black soil in some parts of the track, which is an ongoing problem for Queensland Rail and haulage operators. Flooding is also a significant problem in the area, with the track often being cut in the wet season.

With rail being the predominant option for mineral and ore exports from the North-West Mineral Province, and with the only port currently accessible being Townsville[3], there is a significant need for the efficient provision of rail infrastructure along this corridor. With only a single rail line in place for the majority of the Mount Isa to Townsville corridor, this means that any rail buckling, flooding or accidents can hold up exports for long periods of time.

[3] With the exception of Century mine that used Kurumba as their export port.

This has the effect of forcing freight transport back on to the road network to the detriment of private users and rail haulage operators. The message here is that further funding for rail can remove a large burden on the regional road network.

LAND TRANSPORT CONNECTIVITY TO PORTS

The Townsville Port is the second largest exporter of base metals in the world. In addition, it is Queensland's third largest commercial port. In 2003/04 the trade through the Port of Townsville was over 10 million tonnes, a record amount for the 17th year in a row. 80% of all trade through the port was transported by rail, 18% by road and 2% by pipeline.

The Growth in industrial and mining development and investment in Townsville and North-West Queensland has seen trade through the Port of Townsville increase dramatically over the last ten years, with average annual growth of 4.5% being recorded. In fact, the Port of Townsville has had 17 consecutive years of record trade as it continues to benefit from Townsville being the transport hub for the wider North Queensland region. The growth has been achieved through a concerted effort toward industrial diversification and attracting new business investment in the region.

The future freight task for the Port of Townsville will be driven by further development initiatives in the region, continued strong growth in the MITEZ region, as well as the declaration of 1,300 hectares in the Stuart industrial area to the south of Townsville as a State Development Area. The development of a new gas pipeline infrastructure and a gas-fired power station in the region may also create further opportunities to attract mineral and resource processing and related support industries to the region[4]. Trade forecasts for the Port of Townsville show total throughput increasing to between 14 million tonnes per annum and 17 million tonnes per annum by 2025[5]. However, if growth in freight continues at its average pace of the last ten years of 4.5% per annum, total throughput would actually reach 16 million tonnes per annum by 2014.

With gross regional product in the North Queensland and MITEZ regions growing at 7.9% and 8.3% respectively, the freight task in North Queensland and trade through the Port will continue to grow at pace. Currently, the missing Stage 2 of the approved Port Access Road to the Townsville Port is the main bottleneck for the further expansion of export activities (mining and agriculture products) from the North Queensland Region.

The current access arrangements for road and rail freight to the Port will not be able to sustain the traffic load to and from the Port in the future. This is because access to the Port is not via a dedicated transport corridor but through suburban roads in residential South Townsville. This creates a number of social, environmental and economic inefficiencies.

Under current access arrangements, trucking companies are faced with a 38 tonne load limit on the main access route to the Port. This prevents complete access to the Port for a fully laden road train (40 tonne capacity). All double bogey road trains are required to unhitch one dog 15km south of Townsville and are then required to transport one dog at a time to and

[4] TEL, *A Strategy For the Development of the Townsville Region*, September 2002

[5] Queensland Department of Transport, *Townsville Port Access Impact Assessment Study*, (1997), p.43

from the Port. This impacts severely on the transport efficiencies of the major freight companies and mineral refineries in the region. It is estimated that the economic costs associated with this inefficiency alone could total $5 million per annum.

The Government has identified intermodal transport routes to be nationally significant yet under the AusLink funding arrangements Port access routes like Townsville have been denied funding until at least 2009. There is no question that a dedicated public transport corridor would provide enormous public and private benefit for the region. Infrastructure development like port access routes are also in the national interest because it ensures the efficient delivery of Australian exports to overseas customers. The effect of an inefficient Port system on the nation's economic health can be evidenced by the current delay in coal exports brought about by inadequate port infrastructure facilities in central Queensland.

POLICY FOCUS

While Governments recognise the importance of infrastructure to meet the growing freight transport need, funding decisions appear at times to consider this need as a secondary consideration behind meeting the private passenger need. While arguments can be made for funding for both, economic assessments are largely weighted towards the number of vehicles proposed routes may carry as a measure of their net public benefit. This has the effect of downgrading the importance of freight transport routes because, by their nature they will not carry a large number of vehicles in comparison to multi use corridors, but their value in sheer economic benefit terms can at times appear to be undervalued.

The case for transport funding in regional areas may also be weakened due to the lower numbers of vehicles who may use transport routes at given times. In these cases, it is even more important that social and environmental factors are given prominent weightings in determining public funding decisions in regional areas.

Investment in intermodal links can facilitate opportunities for further national and regional economic growth. It can also bring about huge cost savings for commercial users who rely on these links. In these cases, public private partnership (PPP) arrangements can play a role in ensuring the timely construction of key infrastructure where it otherwise may have been delayed due to public funding considerations. Further Government consideration in PPP arrangements would be welcomed by Townsville Enterprise as a step forward in addressing key regional infrastructure concerns.