



TIMBER 2020 Inc

Great Southern Private Forestry Development Committee

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The House of Representatives
Standing Committee on Transport and regional Services
Parliament House
Canberra ACT 2600

Attention Tas Luttrell – Principal research Officer.

Integration of Regional Road and Rail Networks and their Connectivity to Ports.

Dear Sir,

In response to your invitation to comment on the four terms of reference I wish to forward to you the following submission on behalf of Timber 2020.

I am a member of the management Committee of Timber 2020 – an organisation representing the majority of Plantation Timber Industry owners and operators in the Great Southern Region of Western Australia. I have been authorized by the Committee to respond on their behalf.

I am the ex CEO of the Port of Albany 1992 – 2002, a Councillor on the City of Albany Council, a qualified Shipbroker (AICS) and a Fellow of the Chartered Institute of Logistics and Transport (FCILT).

Executive summary.

Logistics in Australia are expensive. This particularly applies to Regional Australia. Funding is very difficult to access and developments are piecemeal. It is important to realize that what can be achieved by State or Federal Governments in changing or influencing the way in which freight is handled is dependent upon the value of that freight and its capacity to pay additional costs. Freight will move in the most economic

way whether road, rail or air. Most regional ports do not handle general freight due to the centralization of containerization in Major Ports. They rely on the importation or export of low value bulk cargoes which have neither the flexibility nor the financial ability to withstand double handling or additional storage costs.

State Government has responsibility for main Arterial roads but Local Government has a considerable role to play in local roads and the planning of transport corridors around ports. The City centric situation in Australia and in particular in Western Australia makes it almost impossible to obtain the necessary funding from the State Government to develop the transport infrastructure that is required to satisfy the growing demands of Industry in regional centers.

Federal Government has the opportunity to provide funding more effectively by dealing directly with Local Government on specific projects which will impact on the efficiency and competitiveness of exports and subsequent tax revenue. It will also bring about a more unified approach to logistics policy with regard to Rail/Road, environment, planning etc.

The setting up of a Federal Regional transport panel would go a long way to create a holistic strategic approach to logistics and enable more efficient exporting, greater tax revenue on sales and more importantly a better deal for the Regions.

Recommendations.

- 1. A Regional Transport Panel should be set up to review requests from Local Governments to assess the most effective long term road or rail solution to transporting commodities to and from ports**

- 2. (i) Government should encourage the use of rail where this is commercially viable by assisting in the planning and construction of the infrastructure.**
(ii) Where bulk commodity movements to Regional Ports are unable to use rail for commercial reasons or the lack of rail facilities, funding should be provided to State or Local Government for specific road upgrades to cater for increased tonnage and safety issues.

- 3. (i) The Government should develop a clear set of guidelines relating to the environmental responsibilities of both truck owners, residents, and governments.**
(ii) Ports must have legislated approval to work 24 hours a day, 7 days a week and 52 weeks a year.
(iii) Minimize taxes on Transport and Port operations and review taxes on AFTER sales profits.

- (iv) **Intermodal freight hubs are not viable for low priced bulk commodities and should only be considered for the collection of specific grain types (eg CBH Strategic Bins) and for high priced freight (eg containers)**
- (v) **The use by Industry groups of technological advances in truck design and equipment, (such as cabin control of tyre pressure and stopping overloading), be encouraged.**

1. The role of Australia's regional arterial road and rail network in the national freight transport task.

Both road and rail transport within the Great Southern region have been developed around access to and egress from the Port of Albany. The major arterial roads are the Albany Highway which directly connects Albany with Perth some 420 kilometers away, Chester Pass road which links with the wheat belt and the South Coast Highway which skirts the coast to Esperance to the East and Denmark to the West.

The Great Southern is served by one narrow gauge rail line from Perth via Northam. Branch lines run East from the main Northam / Albany line to Nyabing and Gnowangerup.

Rail is used exclusively for the transport of grain and woodchips to the port where it is economically viable to bring the commodity to a railhead otherwise it is brought straight to the port by road for storage and export.

There are no passenger services by rail.

Apart from the its growth as a major Regional Centre, Albany is also feeling the effects of the "Seachange" phenomena as well as a considerable increase in tourism. Roads previously used almost entirely by trucks are now heavily used by other traffic causing a serious safety issue. The overall increase in road usage is creating greater delays as they converge on Albany.

2. The relationship and coordination between Australia's road and rail networks and their connectivity to ports.

The State Government's preferred position is that heavy freight utilize rail to minimize economic, social and environmental impacts. Emerging changes in the grains Industry and proposed milling arrangements within the woodchip Industry are not likely to increase the use of rail to any significant extent although there are potential new value added industries that would use rail if that facility was available. As far as woodchips are concerned non interest in rail is essentially due

to the fact that the majority of plantations are well away from rail facilities and it is considered by a large percentage of the Plantation Industry to be cheaper and more efficient to harvest and chip in the plantation with mobile chippers and transport the chips direct to the Port by truck. The exception to this are APEC and Great Southern Plantations that currently use APEC woodchip mill on a rail spur and carry their production to the port by rail.

Grain is handled in WA by Cooperative Bulk Handling (CBH) and their strategy is to develop a number of strategic Bins built on rail head. By forcing delivery and storing sufficient tonnage of particular types of grain CBH can use rail economically to cart the grain to the port for storage and loading aboard vessel.

The other commodities that use the port are Fertilisers and Silica Sand. Both these use road transport, in the case of fertilizers, direct ex ship to storage or receiver, and silica sand direct from the mine to the storage in the port for shipment.

The Port of Albany has increased its throughput from around 1 million Tonnes per annum in the 90's to 2.7 million tonnes currently and a forecast 6.5 million tonnes by 2010. This growth is predominantly attributed to the Bluegum Plantation Timber Industry which commenced export of woodchips in 2002 and will reach an estimated 2.5 million tonnes in 2010.

Currently about one third of the total port traffic or 1 million tonnes is carried by road to the port but this is estimated to increase to in excess of 2.9 million tonnes by 2010. Consider that this is only calculating LOADED trips and must be doubled to account for return/empty trips to and from the port.

In the case of Albany, current road capacity is insufficient to accommodate this increase and it is essential that not only ring road and by-pass solutions be found but major rail infrastructure improvements be put in place. This needs long term planning and the assistance of the Federal Government to assist the Local Governments in their efforts to provide an integrated transport strategy for their particular area. Current assistance to local Governments in the form of Roads to Recovery has proved a highly effective way of channeling funds to worthy projects with a minimum of wastage by by-passing State Government.

3. Policies and measures required to assist in achieving greater efficiency in the Australian Transport network, with particular reference to:

Land transport access to ports:

There is considerable emotional community concern against the use of roads for the transportation of bulk commodities.

The key issues expressed by the local community regarding the growth of heavy truck activity in the region include:

- a) Creation of noise vibration and dust.
- b) Safety (estimated heavy trucks contribute 18% of annual road deaths and are a hazard when sharing the road with smaller vehicles)
- c) Air pollution
- d) Environmental impacts (exhaust emissions)
- e) Tourism (negative impact on tourist traffic and tourism economy).
- f) Cost recovery (the true cost of heavy road transport is not paid by the users).
- g) Road Maintenance.

There needs to be a clear set of enforceable regulations on emissions and noise and a clear understanding about the implementation of buffer zones to avoid clashes with residential development. Houses which are likely to be affected by noise dust or vibration from road or rail corridors or port operations must be constructed with sound proof materials.

Capacity and operation of Major ports:

ALL ports must be allowed to work with a 24 hour operation 7 days a week and 52 weeks a year.

Port noise emission levels must be allowed at a reasonable level. Owners of residences and new developments close to ports must take responsibility for the noise reduction by insulating their houses or premises.

Movement of bulk export commodities, such as grain and coal:

Logistical costs form a large proportion of the c.i.f price of bulk export commodities. With increasing competition from other Countries that are much more liberal in their assistance to Companies operating within their boundaries it is essential that State and Federal Taxes on transport and Ports are reduced to the absolute minimum. **Tax income is optimized if it is levied on the results of a sale and not before the sale is made.**

Taxes on logistical operations only make sales more difficult and often results in uncompetitive pricing and sales failure.

Government must encourage competition between road and rail.

The role of intermodal freight hubs in regional areas:

A lengthy study has been carried out by the WA State Government into the advisability or otherwise of an Albany Inland Freight Terminal (Gutteridge Hastings and Davy (GHD). The study found that a freight terminal at Mirambeena Industrial estate Albany would:

- a. Significantly reduce truck movements within Albany (a reduction in total daily truck movements by 310 on Chester Pass Road and 46 on Princess Royal Drive)

- b. NOT be commercially attractive (costing \$156 million in 2002 terms for 2005-2020 equivalent to an additional \$9.40 per tonne for grain and \$1.80 per tonne for woodchips.
- c. NOT be suitable for other commodities (eg. fertilizers, fuels and silica sand) because their small volumes are not economical for rail transfer.

The social and environmental costs of an inland depot were considered and it was calculated that the value of the perceived benefits would be equivalent to about \$2.3 million. (It should be noted that this figure should be treated with caution due to the difficulty in assigning dollar value to such benefits.)

It is realistic to conclude from this detailed study that an inland intermodal freight terminal is only likely to be viable if it is handling high value cargo such as containers or general freight which might be able to bear the cost of construction and operation of such a terminal.

The only exception to this conclusion might be the collection from a wide grain growing area specific types of grain that can be delivered from Farm to the Strategic bin where it is held until there is sufficient tonnage to transport to the port for a specific sale. This avoids storage congestion at the port and consequent costs.

Opportunities to achieve greater efficiency in the use of existing infrastructure:

Upgrading arterial road structure en route to the port of Albany is a major part of the answer to the transport problems in the Great Southern. However the current infrastructure can be used more efficiently as evidenced by the Timber Industry which has developed Road transport freight contracts with truck operators stipulating the type of truck and equipment that will be used as well as initiating a system that will not allow overloading. Cabin control of tyre pressures and computerized data recording allow a strict control over the operation and minimize all road damage but particularly on local gravel roads. It would certainly be an advantage to get all major industries using road transport to initiate similar practices. It is also of significance to note that the Plantation timber industry itself contributes to the maintenance of local roads that it using by taking the road from the Local Government in good condition and returning it to the Local Government after the haulage campaign in a similar good condition. All campaigns are planned with the local government, trucks are curfewed during school bus schedules and all communities are alerted to the intended movement.

Possible advantages from the use of intelligent tracking technology:

This technology has limited use for the commodities moved in the Great Southern. It would be of more use for high value containers and general freight where more effective vehicle use could be achieved.

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

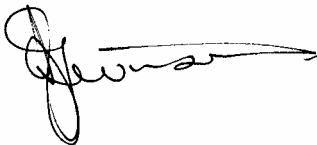
From a local Government point of view there is a major flaw in the road funding system as it stands at the moment. Local Government is responsible for local roads and essentially gets its funding from the State Government. Overall lack of funding does not help the situation but when industries such as grain and plantation timber have large scale operations in rural areas serviced only by local roads it is beyond the financial ability of Local Government to keep those roads in safe working condition.

It is important that all funds expended on transport be specifically targeted and all waste be culled. This has been proven to be best achieved by the creation of a direct link between the Federal Government and the Local Government requiring funding. (eg Roads to Recovery)

The State Governments have pressures on them which make it difficult to provide the funding required for Regional Australia. WA is particularly Capital City centric having some 85% of the population in Perth and consequently State Government's reliance on the regions is not so important. However the continued development of Regional Australia is of enormous importance to the Federal Government and they should be particularly concerned about their long term viability.

Recommendation 1 applies to this section. A Departmental Panel representing the Department of Transport and Regional Services, Local Government and relevant technical advisers should be created to assess major regional infrastructure requests and after ensuring the project fits with the long term Regional strategic aims of the Government, assist in its implementation.

This will not only ensure that essential regional transport infrastructure projects get the necessary financial backing, but also fit into a coordinated long term Government strategy and avoid the project becoming an uncoordinated piecemeal development.



Executive Officer Timber 2020 Inc.

For Mr Bob Emery
May 9th 2005