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Mr P Neville MP
Chairman
House of Representatives Standing Committee
on Transport & Regional Services
Parliament House
CANBERRA ACT 2600

**INQUIRY INTO THE INTEGRATION OF REGIONAL RAIL & ROAD FREIGHT TRANSPORT
& THEIR INTERFACE WITH PORTS
A REVIEW OF MAXIMUM ROAD WEIGHT LIMITS**

Dear Sir

The red meat industry is now Australia's largest agricultural export and is Australia's fourth largest export after travel, coal and transport services. Australia exported 914,000 tonnes shipped weight of beef and veal in 2004 and a further 260,000 tonnes of sheepmeat and goat meat products. In addition it exported another 145,000 tonnes of other meats, offals etc., amounting to close to 100,000 teu's (20 ft container equivalents). In addition, almost half this tonnage again is exported by container in the form of skins and hides, and meat and bone meal and other non-edible meat products.

While drought in 2002/2003 did ravage our production capacity, MLA industry forecasts are, given average seasons, that cattle numbers will increase by close to 11% over the next four years to almost 30 million head. The sheep flock will follow a similar trend rising 12% to 111 million resulting in additional beef production of around 350,000 tonnes, lamb of around 145,000 tonnes and mutton approximately 60,000 tonnes, the majority of which will find its way to the export market.

Present assessments are that the current network infrastructure of road and rail in this country will not meet the future demand of our import/export trade including the growth forecasts in the meat industry. Estimates from the Sydney Freight Forum on April 13 for NSW alone is that container movements will more than double over the next 2 decades. An integrated national approach including water, energy, roads, rail and communications must form a key part of any policy agenda for a regional employer such as the meat processing industry.

One area of immediate concern to the meat industry is the maximum road weight limits applied individually by each State.

It has been increasingly apparent for some time that in a global context the trades to and from Australia still predominantly use 20 ft reefer containers. While 40 ft reefer units occupy more vessel space, they materially assist in better use of the vessel's deadweight loading capability. As a result the larger and new generation vessels that have entered the trade over recent years, as well as those in production for the near future, predominantly cater for 40 ft units. In a recent article in *Shipping Australia*, GE SeaCo, the world's leading leaser of reefer containers spent \$100 million last year in the acquisition of 7,000 new reefer containers, almost all of them were 40 ft high cube units.

Inevitably, as old containers are replaced, the availability of 20 ft containers will become increasingly limited. As a major exporter it is inevitable that the Australian industry will need to increasingly turn to the use of 40 ft containers if it is to maintain and build its export base in the future. As part of the drive for greater efficiency, Lines would expect shippers to pack those 40 ft containers to their maximum capacity. With heavy mass cargoes like frozen meat, current legal maximum road weight limits, are a significant limiting factor in achieving optimal container utilisation.

The legal limit in NSW is generally 3 tonnes less than all other States at 42.5 tonnes gross weight. This is an unfair limitation on NSW processors vis-à-vis their fellow processors in other States.

Some exemptions do apply but these are more to cater for through traffic (interstate) than for use by regional operators and are sparingly used by individual regionally based meat processors and only where they have the opportunity to do so.

Modern 40 ft units are rated at up to 34 tonnes cargo weight. As a result, the ideal practical objective would be a 50 tonne gross weight limit comprising 34 tonnes cargo plus 4.5 tonnes container tare plus 11.5 tonnes for prime-mover

and trailer. If the objective of this proposal is to place the industry in a competitive position over the next decade, an objective of 50 tonnes gross weight should be adopted as the ultimate goal.

The global trend is to 40 ft containers. The ability to fully utilise that increased capacity is essential. A review of maximum road weight limits nationally is critical. Red meat is a heavy mass product and needs special dispensation if it is to both adopt and leverage the efficiencies available.

Recently some major shipping Lines have announced their intention to move to 100% 40 ft containers in the future. Others have indicated they currently only offer 20 ft reefers to North America out of Oceania (Australia and New Zealand). If 40 ft containers are to be fully utilised, Government policy on maximum road weight limits needs to change to reflect the future. Poorly utilised container space is an opportunity cost, is inefficient and leads to greater carton damage because of increased movement of cartons. Greater use of fully utilised 40 ft containers would lead to decreased truck movements and better utilisation of rising fuel costs. Even where heavyweight corridors exist, local bridges (under local Council control) are often not heavy weight rated and negate their use. The AUSLINK bilateral agreement between States has an important role to play here in providing the cohesion necessary to rectify these shortcomings.

Australia represents only between 2.5% to 3% of total global movements of sea-freight containers. We cannot resist the global trends that are appearing. On the contrary we need to identify them and be proactive in adapting to and taking full advantage of the changing global environment.

We would seek the support of the Standing Committee on Transport & Regional Services in seeking an immediate review of not only the NSW maximum road weight limits but the policy as it operates nationally, in association with appropriate chassis and safety standards, to put the Australian red meat industry on a sound footing and to ensure it can take full advantage of export opportunities over the next decade.

Don't hesitate to contact the undersigned if we can assist with any more detailed material.

Yours sincerely,

Steve Martyn
National Director – Processing