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Principal Research Officer
Standing Committee on Transport & Regional Services
Parliament House
CANBERRA ACT 2600

Dear Sir,

Subject: Integration of Regional Rail & Road Freight Transport and their Interface with Ports

Thank you for the opportunity to comment on the above Inquiry.

As you may be aware, this issue is already high on this region's economic development and local government agendas, as key stakeholders in the Eyre Peninsula Grain Transport Integration and Investment Strategy currently before the Commonwealth Department of Transport and Regional Services.

Eyre Peninsula Snapshot:

Eyre Peninsula is an enigma.

It is an opportunity-rich region of considerable diversity.

On a per capita basis, Eyre Peninsula is a highly productive region, generating in an average year:

- One third of South Australia's grain harvest.
- Two thirds of the State's catch of seafood.
- Higher levels of visitation than any other country tourist region in South Australia.
- Home to one in every six of South Australia's sheep.
- Sitting on a bounty supply of mineral resources, ranging from gypsum to gold.
- One of the worlds top ten locations for the generation of wind power.
- One of Australia's most aggressive/successful exporters, particularly grain and seafood.

Yet as a direct result of its vast size (45,000km²), remote location (local road network of 13,798km) and sparse population (55,390 people), Eyre Peninsula is infrastructure challenged.

It is infrastructure, both hard and soft, that is the glue that binds both the economic and community fabric of this vast peninsula region together.

Everything from water resources to regional transport. (Refer Page 3)

Significance of Eyre Peninsula's Grain Industry

The importance of the grain industry to Eyre Peninsula (and South Australia) cannot be understated. On average, Eyre Peninsula provides one-third of the State's grain.

It is the region's biggest economic driver, generating a billion dollars in economic activity each year and employing close to a third of the region's workforce. It is a big exporting industry.

The movement of annual grain harvest is by far and away Eyre Peninsula's biggest transport task.

Broad-acre farming plays a critical role in the survival of the region's inland rural centres.

Over the last five years, broad-acre farming has recorded annual growth of 30%, with 2.3 million tonnes of grain carted to the region's ports in 2001/02, expected to increase to 3 million by 2010.

Putting a layperson's spin on the task of shifting the regional harvest of 2.3 million tonnes of grain:

- 1,500 train loads (Average load of 1,490 tonnes per train).
- 57,500 B-doubles (Average load of 40 tonnes per vehicle).
- Six times the capacity of the Port Lincoln silo complex (396,000 tonnes).
- 60 Panamax vessels (Average load of 35,000-40,000 tonnes).

Overview of Eyre Peninsula's rail network:

Rail network on Eyre Peninsula provides a vital link for the delivery of the region's harvest to export to ports in Port Lincoln and Ceduna.

Rail infrastructure is in poor state of repair due to former owner's maintenance policy.

Similarly, the rail network of western Eyre Peninsula plays an integral part in the economic viability in the salt and gypsum industries.

Rail will also play a strategic role in the development of the mineral potential of the Gawler Craton and the granite industry of central Eyre Peninsula.

Eyre Peninsula's freight rail service is operated by Australian Railroad Group (ARG).

The Eyre Peninsula rail system covers a network of 670km of track.

The rail infrastructure is in poor condition and has a high-cost reactive maintenance.

Factors constraining the operational efficiency of Eyre Peninsula's rail network include:

- Low track speeds and axle loadings
- Poor out-load rates at strategic inland silos
- Low wagon capacity
- Multiple discharge mechanisms on rolling stock
- Limited track space and low discharge rates at Port Lincoln
- Summer heat restrictions during harvest
- Slow turn-around times

Roads, Roads and more Roads – The Role of Local Government

Local government on Eyre Peninsula sees itself as a bona fide player in the grain transport game.

A strong regional heartbeat needs to be serviced by strong and healthy arteries.

Some of our rural councils are spending up to 100% of their total rate revenue on road construction and other road works, not including patrol grading and other road maintenance.

Eyre Peninsula/Spencer Gulf has a local road network of 13,744 kilometres, 94% unsealed. That equates to 17.7% of South Australia's roads being maintained by 4.6% of its people. (Refer Attachment 1.)

Maintaining the local road network is a formidable task for our nine district councils. They maintain 12,918km of roads (17.5% of the State's total, 97% unsealed), with a total population of less than 20,000 or just 1.3% of the State's total.

Highway One (Eyre Highway) is the major east-west road corridor across Australia, traversing the region from Port Augusta to the WA/SA border. Along the eastern coast of Eyre Peninsula is a sealed dual lane highway (Lincoln Highway) servicing the Spencer Gulf towns between Whyalla and Port Lincoln. A sealed dual lane highway (Flinders Highway) connects Port Lincoln with Ceduna, servicing the coastal townships on the West Coast of Eyre Peninsula. Running north-south between Port Lincoln and the Eyre Highway (Kyancutta) is the Tod Highway, servicing the centres of central Eyre Peninsula.

Eyre Peninsula's councils maintain a network of local roads that would reach around Australia via Highway One and still leave a fair stretch of bumpy, dusty road left over.

The region's nine rural councils have an average annual revenue of \$28m. Up to 50% of that revenue is spent on road maintenance.

The bottom line is that there are serious limitations on local government's capacity to maintain existing levels of road maintenance, let alone manage a serious escalation in the task by way of a partial or full demise of the region's rail system.

And this is not just all about money – the issues of safety and amenity are also high on local government's agenda:

- Traffic congestion and safety on our highways and by-ways
- Ditto through our region's rural centres

Critical Role of Ports in the export of Eyre Peninsula's Bulk Commodities

The two major port facilities on Eyre Peninsula are located at Port Lincoln and Thevenard. Both ports have significant grain storage facilities with associated bulk loading facilities.

Port Lincoln is South Australia's premier natural deep-water harbour. The deepest draft is 14.7 metres, making it attractive to shallower ports in South Australia and Victoria for topping up loads. Grain is the principal export (Capacity – 396,000 tonnes) and phosphate is the major import.

Approximately 1.05m tonnes of grain is delivered by rail to Port Lincoln each year, however the efficiency of this operation is limited by the rail-unloading interface. (Need to break up trains to unload)

The Port of Thevenard is located 3km from Ceduna. The major commodities handled are gypsum, salt and grain. The deepest draft is 9.8 metres.

Ceduna is located on the edge of the Gawler Craton and the prospects of a significant mineral find are high. A case of if, not when.

A proposal to deepen the harbour channel to accommodate vessels above the current 30,000 tonne limits for existing and future industry is strongly supported at the regional level.

Other infrastructure needs for Ports and Harbours on Eyre Peninsula include:

Ceduna Keys Marina	Major marina/residential development located on the northern side of Ceduna. (On drawing board)
Tumby Bay Marina	Marina/residential development. Excavation of inlet channel to accommodate fishing boats and recreational craft. (Completed)
Arno Bay Marina	Commercial 25-berth marina facility to support yellow tail kingfish industry. (Under construction).
BHP wharf, Pt. Lincoln	Major upgrade and redevelopment of the BHP wharf to support the further development of the aquaculture industry, through provision of additional loading and unloading facilities. (Proposed)
Farm Beach	Development of a safe harbour for both recreational and commercial vessels with loading and unloading facilities. (Proposed)
Elliston Harbour	Development of a safe harbour facility to support the aquaculture and wild capture fishing industry along the west coast. (Proposed)
Thevenard Slipway	Major upgrade/redevelopment of Thevenard Jetty & Slipway to provide commercial unloading facilities for fishing and aquaculture industries. (Proposed)
Lucky Bay	Development of onshore infrastructure for roll-on roll-off cross-gulf ferry service. (Proposed)

Other Infrastructure Challenges for Local Government on Eyre Peninsula

Water: Eyre Peninsula's primary water supply is sourced from a series of underground basins, topped up the ailing Tod Reservoir system. The region remains in a crisis position whilst totally dependent on these finite reserves as the sole water source.

State Government is currently investigating the augmentation of the region's fragile water supply by large-scale desalination, however the issue of pricing policy for "new" water remains unresolved.

Waste: Barriers of distance, landfill rationalisation, cost effective recycling, efficient disposal of green waste, escalating transport costs, waste reduction and raising the legislative bar, are challenges that must be addressed with some urgency. Raising of the environmental bar has witnessed the cost of the regional waste management task to escalate by a factor of two to four times.

NRM: Although there is support for the decentralisation of power, integrated decision-making & project management as described in the new State model for NRM, local government has made it clear that it would only negotiate a devolved regional structure in an atmosphere of equity, partnership and adequate resourcing. The potential for cost shifting is a major concern.

- Electricity:** Eyre Peninsula is in a vulnerable position with regard to its regional power supply, totally dependent on a 40 year old single transmission line from Whyalla to Port Lincoln. Augmentation costs for commercial power infrastructure is prohibitive, due to size & remoteness. Despite being one of the prime spots on the planet to generate wind power, shortcomings in the transmission infrastructure make it difficult to get the product to market.
- Jetties:** Ownership of recreational jetties was divested to local government by the State Government in the late nineties. Eyre Peninsula's coastal councils were left with the care/control of close to 1/3 of SA's jetties.
- Transport:** There are only limited public transport facilities beyond the three main centres of Port Lincoln, Whyalla and Ceduna. There are currently no commuter air services to Cleve, Cowell, Wudinna, Streaky Bay and Elliston.

Eyre Peninsula Grain Transport Summit in Cummins in October 2003

The seed that grew into the Eyre Peninsula Grain Transport Summit was planted by Transport SA with the release of their stimulating Eyre Peninsula Grain Freight Options Paper in late 2003.

In their submissions, the Eyre Regional Development Board Inc and the Eyre Peninsula Local Government Association acknowledged the promising start made by the Transport SA Options Paper, however both were keen to bring together **all the key stakeholders**, not only to consolidate the excellent start made by Transport SA but also to come up with a practical investment strategy that ensures the future of rail on Eyre Peninsula.

Both regional groups saw themselves as neutral brokers, with no major axe to grind other than having the growth and prosperity of Eyre Peninsula at heart.

- The Event: Eyre Peninsula Grain Transport Summit
"From Paddock to Panamax – On the Right Track"
- The Venue: Cummins Institute Hall, Railway Terrace, Cummins
- The Date: Friday 24 October 2003
- Organisers: Eyre Regional Development Board Inc
Eyre Peninsula Local Government Association
- The Players:

- Official opening – Jeff Pearson
- Eyre Peninsula Local Government Association – Vance Thomas
- Eyre Regional Development Board Inc – Mark Cant
- AWB Limited – Bill Thompson
- ABB Grain Ltd – Mark Oddy
- Australian Railroad Group – Dave Malay
- AusBulk – John Hill
- Llewellyn Transport – Jim Llewelyn
- South Australian Road Transport Association – Steve Shearer
- Transport SA – Andrew Milazzo
- Office for Infrastructure Development – Lino Di Lernia
- South Australian Farmers Federation – Greg Schulz
- Department of Transport and Regional Services/AusLink – John Elliott
- Q & A forum – moderated by Bill Watkins
- Where to from here/Communiqué – chaired by Brian Treloar

The Response: 162 delegates from across the region

The Objectives:

- Improved communication between the key players.
- Better efficiencies and integration of effort between the major stakeholders.
- Improved systems, practices and technologies.
- Investment strategy designed to secure a safe, viable and globally competitive grain freight network for the Eyre Region.
- Recognition/support from State and Commonwealth Governments for the strategic importance of Eyre Peninsula's grain transport system for the region, for the state and for the country.

The Communiqué:

“From this day forward, the key stakeholders in the Eyre Peninsula grain transport industry (grain growers, rail and road carriers, bulk handlers, grain marketers, local government and regional economic development), set themselves the challenge of developing a safe, viable, self-sustaining and globally competitive transport system to deliver the region's annual harvest from paddock to port. This goal is to be achieved in a spirit of cooperation, coordination and commitment between the core players, the people of Eyre Peninsula and its key regional organisations, with support from relevant government agencies in both the State and Federal arenas, namely:

- *Improved communication between the key players.*
- *Better efficiencies and integration of effort between the major stakeholders.*
- *Improved system efficiencies, practices and technologies.*
- *Greater recognition and understanding of each sector's impact within the supply chain.*
- *Investment strategy to secure a viable and globally competitive grain freight network for the Eyre Region.*
- *Recognition/support from State and Commonwealth Governments of strategic importance of Eyre Peninsula's grain transport system, for the region, for the state and for the country”.*

After Scaling the Summit:

Following a series of negotiations with key stakeholders, Eyre Regional Development Board fine-tuned the project brief to a stage where it had broad industry and agency acceptance.

ERDB also negotiated with those same stakeholders for a funding commitment to enable the engagement of a specialist consultant to implement the Brief. All participating organisations and agencies involved made a financial commitment to the project, with a fighting fund of \$50,000 established as a result of those negotiations.

Specialist transport consultants, Strategic Design & Development were engaged.

The final report of the Eyre Peninsula Grain Transport Integration & Investment Plan by Strategic Design & Development was distributed to key stakeholders in September 2004.

Suggested integrated investment plan and recommendations:

\$24 million upgrade of rail network to Wudinna and Kimba

\$3 million partial upgrade of network to Poochera and Buckleboo

\$3 million upgrade of road transfer and rail loading capability at Wudinna and other sites

\$10 million program for associated road works related to servicing key rail sites

- Funding (up to 50%) to take advantage of Commonwealth Auslink framework
- 50% funding sought from Federal sources with majority of balance coming from ARG
- Contribution from Ausbulk towards cost of upgrading rail loading facilities at end points
- Commitment from the State (Transport SA and Office for Infrastructure Development)

- Contribution from Eyre grain growers to demonstrate support for project
- Strong formal agreement and state agencies committing to usage principles to foster sustainability of rail network
- Pricing initiatives by Ausbulk to dissuade growers from making long haul deliveries by road from notional rail catchment areas
- Formal consultation process with Eyre Peninsula growers on all of the above to ensure the survival of a viable rail & road system

A major submission was completed by Mark Cant, Executive Officer, Eyre Regional Development Board on 24 November 2004. This funding application was submitted to Department of Transport and Regional Services, with a covering letter to Minister John Anderson. Decision pending.

Summary:

Eyre Peninsula could be described as a region that is opportunity rich but infrastructure poor.

The following factors are hugely significant to a region like Eyre Peninsula and the way it does business, namely:

- Vast size of region
- Remote location
- Sparse population (and rate) base
- High cost of doing business

The single most important item on our infrastructure agenda at the moment is grain transport, or more specifically, saving our regional rail system.

Being our most important industry sector, our approach has been whole of region, whole of industry (growers to marketers) and whole of government. The level of support has been outstanding.

The total or partial demise of our rail network does not bear thinking about. Once lost never to be restored!

Yours sincerely,

Signed
Vance Thomas
Executive Officer
21 April 2005

SOME VITAL STATISTICS

Council	Population	Area (km ²)	Roads (km)	Sealed Roads (km)	Operating Revenue (million)	Operating Expenses (million)	Council Staff (FTE)
Eyre Peninsula Region							
Ceduna (DC)	3,618	5,445	1,701	54	\$4.49	\$5.13	42
Cleve (DC)	1,881	4,498	1,396	57	\$2.72	\$2.54	21
Elliston (DC)	1,158	6,693	1,147	37	\$2.18	\$2.05	16
Franklin Harbour (DC)	1,315	3,283	935	43	\$1.29	\$1.32	13
Kimba (DC)	1,199	3,975	1,714	40	\$1.67	\$1.66	15
Le Hunte (DC)	1,454	5,381	1,822	91	\$2.44	\$4.24	17
Lower Eyre (DC)	4,243	4,763	1,360	87	\$4.34	\$4.42	26
Streaky Bay (DC)	2,002	6,251	1,720	44	\$5.21	\$3.44	25
Tumby Bay (DC)	2,628	2,674	1,107	44	\$3.42	\$4.19	17
<i>Pt. Lincoln</i> © (Observer)	14,276	32	153	141	\$8.72	\$7.05	41
Whyalla ©	21,608	1,034	336	207	\$14.92	\$15.92	137
Total Eyre Peninsula	55392	44029	13391	845	\$51.4m	\$52.0m	370
Average EP Council	5036	4003	1217	77	\$4.67m	\$4.73m	34
Total SA	1519673	155873	74126	16268	\$1047m	\$1097m	7307
Average SA Council	22348	2292	1090	239	15.4m	\$16.1m	107

Data sourced from SA Local Government Grants Commission 2002/03 Financial Year

- Eyre Peninsula occupies a vast tract of land approaching the size of Tasmania. It measures 72,410 sq. km. in area. (Close to 30% of the State's incorporated landmass).
- Eyre Peninsula's population of 33,582 represents just 2.2% of SA's population. Including Whyalla, the population is 69,231 people, comprising 4.6% of the State's population.
- Port Lincoln to Border Village equates to Melbourne to Sydney via Hume Hwy. Our nearest major market Adelaide, is located closer to Ballarat than it is to Port Lincoln:
- Average size of an Eyre Peninsula council is 88% larger than its State counterpart.
- Average population of an Eyre Peninsula council is 3,358, compared with a South Australian average of 22,228, or seven times less people.
- Average number of council employees is 24, compared with a State average of 106.
- The average revenue of an Eyre Peninsula council is \$3.3 million per annum, compared with a State average of \$14.3 m.