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Official Committee Hansard

**HOUSE OF  
REPRESENTATIVES**

STANDING COMMITTEE ON TRANSPORT AND REGIONAL  
SERVICES

**Reference: Transport networks inquiry**

MONDAY, 25 JULY 2005

MELBOURNE

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**HOUSE OF REPRESENTATIVES**  
**STANDING COMMITTEE ON TRANSPORT AND REGIONAL SERVICES**

**Monday, 25 July 2005**

**Members:** Mr Neville (*Chair*), Mr Gibbons (*Deputy Chair*), Ms Bird, Mr Haase, Ms Hall, Dr Jensen, Mr McArthur, Mr Richardson, Mr Ripoll and Mr Schultz

**Members in attendance:** Ms Bird, Mr Haase, Ms Hall, Mr McArthur and Mr Neville

**Terms of reference for the inquiry:**

To inquire into and report on:

- 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.

**WITNESSES**

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**Committee met at 9.07 am**

**CHAIR (Mr Neville)**—I declare open this meeting of the House of Representatives Standing Committee on Transport and Regional Services in its inquiry into arterial road and rail services and their connectivity to Australian ports. The inquiry arose out of a reference to the committee by the former Deputy Prime Minister and Minister for Transport and Regional Services, John Anderson MP. Written submissions were widely called across Australia and we have received over 100 to date. The committee is undertaking a program of public hearings and informal discussions. We have already been to Mackay and Gladstone to examine port facilities in those towns. We are now spending some time in Victoria to familiarise ourselves with the difficulties in the arterial road and rail systems and the ports in Victoria. This hearing is the second for the inquiry. A further hearing will be held in Portland tomorrow and yet another in Melbourne on Wednesday.

[9.08 am]

**HAMILTON, Mr Paul, Manager, Traffic, City of Casey**

**CHAIR**—I welcome the representative of the City of Casey to today's proceedings. Mr Hamilton, although the committee does not require you to take evidence under oath, I should advise you that hearings are formal proceedings of the parliament and consequently warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that the giving of false or misleading evidence is a serious matter and may be considered a contempt of the parliament. Having said that, you are most welcome. Do you wish to make an opening statement? We would like to you to give a five- to seven-minute overview of your submission and then we can talk about it.

**Mr Hamilton**—Thank you for the opportunity of presenting to the committee. I have handed out a revised copy of the submission. The only changes to the submission are that there are attachments to the rear of the documents which have locality plans and make it a bit easier for people to understand the issues as we have indicated them.

**CHAIR**—That includes the maps, does it?

**Mr Hamilton**—Yes, it does.

**CHAIR**—Is it the wish of the committee that the revised submission be accepted as evidence? There being no objection, it is so ordered. Please proceed.

**Mr Hamilton**—The submission is an overview of freight issues as they affect the City of Casey. The City of Casey is basically a dormitory suburb, inasmuch as we have residential development over the majority of the city. It is a developing area. It is in the outer metropolitan area of Melbourne and it is in the growth corridor. We have a small industrial area in the northern section of the municipality, but the majority of planned use is associated with residential or agricultural use. The freight issues as they affect the City of Casey are more to do with regional movements through the city.

Attachment 1 shows the overall road network and rail network. From that you can see that the Pakenham Bypass through the City of Casey that has been announced by both the federal and state governments will have freeway connections coming from Gippsland through to the Monash Freeway. From South Gippsland we also have the South Gippsland Highway, which comes up around the top end of Western Port and then connects also through to the freeway network, and the Western Port Highway, which comes up from the Port of Hastings and services Mornington Peninsula. So the regional freight network is supported by these major transport corridors.

The main implication for the City of Casey is the capacity of these routes. I have flagged the key issues for Casey as item No. 1, which is the Monash Freeway; item No. 3, which is the issues of the South Gippsland Highway through Cranbourne; item No. 4, which is the Western Port Highway; and item No. 7, which is the rail capacity of the metropolitan rail network between Dandenong and Caulfield.



I will give a brief summary. Item No. 1 is the Princes Freeway and Monash Freeway. The freeway network through Casey has been upgraded recently with what we call the Hallam Bypass, which was a connection of the Pakenham freeway through to the Monash Freeway. Where that freeway connects with the South Gippsland Freeway, currently there are 130,000 vehicles a day going through that interchange. With the modelling that we have undertaken to look at the growth that is going to occur in Casey and at Cardinia, it is expected that the volumes will go to 160,000 vehicles a day. That is also the main connection from Gippsland and South Gippsland, so you can see that it will have impacts on freight movements from those areas through to the city. That is very congested now, and it will become more so as time goes on.

Item No. 2: VicRoads are looking at an option of diverting the South Gippsland Highway from the area south of Cranbourne and linking it directly up Clyde-Five Ways Road through to the Monash Freeway. Council supports that as an option, but it is quite a high-cost proposal. It is referenced in the attachments and in locality plans Nos 2 and 3 as item No. 2. Whilst council supports the project, it is quite an expensive one. At this stage there is no timetable from VicRoads as to when they would be able to deliver that project.

In the meantime—under item No. 3—the South Gippsland Highway travels through the Cranbourne town centre and through the middle of the Cranbourne shopping centre. So, at the moment, traffic coming up from South Gippsland travels through the middle of the shopping centre and does impact on the amenity and the safety of the shopping centre.

VicRoads have looked at the Clyde Road as being an alternate route to divert traffic. As I said, while council supports that proposal, the traffic modelling that has been done shows that there will be still significant traffic volumes travelling through the middle of the shopping centre. As such, council believes that it needs a multipronged attack with development of a number of arterial roads, which have been identified in council's forward strategies. The support of state government is needed to fund these alternative arterial roads. Some of those connections are flagged in attachment 2 and attachment 3.

**CHAIR**—Can you on the map step us through your preferred option? We can see the South Gippsland Highway going through the Cranbourne shopping centre. What is your alternative to that?

**Mr Hamilton**—The dotted lines immediately to the north-east is a proposed new arterial connection, which is planned as part of the residential development of Casey and those areas. The angled dotted line which is between Narre Warren-Cranbourne Road and the South Gippsland Highway is actually on land which is owned by VicRoads. That has been purchased for a future arterial connection but at this stage there has been no commitment from either VicRoads or the state government to constructing that connection. They have even gone to the point where they are suggesting that it is something which council should do. Council believes that the future arterial network needs support and assistance if it is to be delivered. There is also a further arterial connection further to the north, which is also shown as a dotted line.

**CHAIR**—Are they four-lane connections?

**Mr Hamilton**—There would be allowance in the road reservations for a four-lane ultimate construction. As the residential areas are developing, we have been constructing the first carriageway of the ultimate.

**CHAIR**—Let us take the worst-case scenario: that you cannot get council or state government funding for that. What will the impacts be on the City of Casey? What will the effects be on freight going through there? You say you have done modelling. Can you step us through the worst-case scenario?

**Mr Hamilton**—The Cranbourne town centre has a strip shopping centre frontage, or ‘high street’, to the South Gippsland Highway as it goes through the centre. At the moment, the traffic volumes are over 20,000 vehicles a day going through there. There is quite a high proportion of commercial vehicles going through, particularly with freight movements of sand coming up from Lang Lang and going through into Melbourne. The modelling indicates that the traffic volumes could get to well over 30,000 vehicles a day going through the shopping centre.

At the moment, we have traffic signals at each end of the shopping centre and we have pedestrian operated signals through the shopping centre. Over an 800-metre section of the shopping centre, there are two traffic signal intersections and three pedestrian operated signals that the freight movements have to go through, so there are impacts on freight going through that congested area. But also, for the shopping centre itself, there are the detrimental effects of having a number of heavy vehicles moving through. That has been a big concern to the community.

**Ms HALL**—Could I go back to something Mr Neville asked you. You said that you were looking at the connection ultimately being four lanes. I assume from that that you would be happy with just the two lanes. Wouldn't that create further problems with congestion and merging? I noticed you mentioned merging in your submission to the committee.

**Mr Hamilton**—There is a staged construction of the new arterial roads. Quite often, we build the first carriageway in the first instance and then as traffic volumes grow and as funds become available the second carriageway is constructed. Ideally, if we had the funds we would build it with the ultimate capacity, but we do not have the ability to do that.

These connections are designed so that they do not have direct property abuttal. The intersection spacing is such that you minimise the impact of the intersections on the operation of the road. The bypass roads are a different configuration to what is going through the shopping centre. The shopping centre has parking, shops directly fronting it, pedestrian crossings and all those things which interfere with the traffic flow. The planned arterial roads are set up so that there is no direct interaction between the properties along the side of the road, so they operate far more efficiently.

**Ms BIRD**—I can see the argument for the roads. You indicated that, to some extent, you are doing the additional links as population is established there. Is that the point you were making?

**Mr Hamilton**—That is correct.

**Ms BIRD**—You mentioned one lot of freight. Was it the sand being moved?

**Mr Hamilton**—Yes.

**Ms BIRD**—How much freight is actually on this road and will it be redirected to these new roads, or are they being put in for residential development so you will have a competition problem on that road as well?

**Mr Hamilton**—Some of the movements from South Gippsland to Melbourne will divert across to Clyde-Five Ways Road if VicRoads constructs that route. The modelling indicates that somewhere between 7,000 and 10,000 vehicles a day could transfer across to that route. As Casey develops, it will infill. Basically the whole municipality from Cranbourne up will be infilled with residential development. There will be volume traffic generation from the residential development. That is why Casey has what it calls a C21 strategy, which sets out a future arterial network. What we are trying to achieve is an arterial grid of about the old one-mile grid, which as a rule of thumb has been best way of setting out your arterials. We have constraints that mean we cannot quite get the mile grid in some locations, but that is where we are heading. Once we put in that mile grid, that will allow a combination of uses of those roads. They will be arterial. Their principal function will be for the movement of traffic. Some of that traffic will be generated from the immediate area and some of it will be traffic moving through the municipality.

With regard to the exact amount of freight, I do not have those numbers that I could give you off the top of my head. With regard to that traffic coming up from South Gippsland, if the Clyde-Five Ways Road is upgraded by VicRoads as they plan, that will divert some of the traffic across to it—as I said, maybe 7,000 to 10,000 vehicles—and that will divert the traffic which is principally heading into Melbourne itself. There is a significant industrial area to the west of Casey, which is in the Dandenong South industrial area through to the Mordialloc, Braeside area. The traffic heading in that direction will probably continue to use the South Gippsland Highway or alternative arterial routes in close proximity to that because they are heading more to the west than into Melbourne.

**CHAIR**—We have talked about the impact of the road. I note your comments here about the rail. You make two points. One is that there are no standard-gauge rail services to the east of Melbourne. The second point you make is that, even if there were, from Dandenong into Melbourne you have this problem of a lack of corridor. What would the effect be if you could get a third and standard-gauge track into Melbourne? Would that ease some of the freight from the Gippsland area and from further east on the Princes Highway?

**Mr Hamilton**—Certainly my understanding of the issue regarding the rail connections between Casey and Melbourne—or particularly between Dandenong and Caulfield—is that they are virtually operating at capacity. They cannot run any more trains through there. Preference is being given to the passenger network because of the volume and the use it gets. The freight network can only operate off peak, after hours. The addition of a third track would give you the ability to start running additional passenger trains and the opportunity of running the freight network at a greater frequency. I came in by train today. As an example of the connections back out to Casey, there is a train probably every 15 minutes to Dandenong, because the rail line separates at Dandenong and goes to Pakenham or to Cranbourne. Our offices are at Narre Warren. Only every second train goes out to Narre Warren. So for the people actually in Casey, once you get beyond Dandenong you are either using the Pakenham line or the Cranbourne line

as a commuter and the frequency obviously drops off to half because of these capacity constraints.

**CHAIR**—You recognise that we have to report on the Australian arterial road and rail systems. For a start, what is the status of the East Gippsland Highway and the Princes Highway? Are they both state highways? Is one of them Highway 1?

**Mr Hamilton**—The Princes Freeway is Highway 1.

**CHAIR**—So that is a Commonwealth responsibility.

**Mr Hamilton**—It is a Commonwealth responsibility through to the shire of Cardinia—our boundary; then it becomes a metropolitan network. The South Gippsland Highway would be a state highway.

**CHAIR**—What sort of freight comes from East Gippsland and the area due east of Dandenong? You say here that it is not worth changing containers from broad gauge to standard gauge; there is too much handling and you might as well put the freight on a truck in the first instance. Assuming that there was some form of standard gauge put through on those two lines, what capacity of freight would we see coming from that south-eastern part of Victoria?

**Mr Hamilton**—Again, I do not have the numbers to be able to answer in an accurate way.

**CHAIR**—Wouldn't that be part of your modelling? It is not just about the number of trucks that go through a town; surely it is also about where the agricultural and industrial development is and what it will do in the next 10 or 20 years.

**Mr Hamilton**—The modelling that we do looks at what the traffic generation is for Casey itself. We can go into quite some detail on that, because we understand how Casey will develop. It uses a metropolitan model—which is run by the Department of Sustainability and Environment and VicRoads—to estimate what will happen across the metropolitan area, and it has to make assumptions as to what is coming into the area beyond the model. So it does not break down into the exact freight movements that will come up from Gippsland.

**CHAIR**—Would it be fair to say that the freight lines to East Gippsland have been in decline over the last decade or so in terms of the amount of freight carried by rail?

**Mr Hamilton**—That would be my understanding, but I do not have figures to be able to back that up. I would like to clarify a comment that I have made about the issue of modal split or shifting containers from road freight to rail freight. That is in particular targeted at whether you look at putting a freight interchange in the Dandenong or Hallam areas. If you are looking at a relatively short trip, metropolitan-wise, from the industrial areas of Dandenong and Hallam, through to the ports or through to the rail areas in Melbourne—

**CHAIR**—With those short distances, it would hardly be worth taking containers by truck to an interchange, taking them into Melbourne on a train, then taking them off again, unless the train went straight to the port. You would have a lot of handling.

**Mr Hamilton**—That is right.

**CHAIR**—I was more concerned about the extremities of those lines—where the freight is coming from and what effect it is having.

**Mr Hamilton**—To get the benefits of putting containers on rail you need to have the long distance to take away the issues of then transferring back to truck for delivery.

**CHAIR**—What other points would you like to make, Mr Hamilton?

**Mr Hamilton**—The other key point I would like to make is in relation to the Western Port Highway. The Western Port Highway will be a significant connection through to the Mornington Peninsula and also the port of Hastings. We understand that the port of Hastings is about to engage consultants and undertake a detailed investigation of future connections from the port.

**CHAIR**—Which highway is this?

**Mr Hamilton**—It is the Western Port Highway.

**Ms HALL**—What number is it on your map?

**Mr Hamilton**—It is No. 4 on locality map 2.

**CHAIR**—Where does it go to?

**Mr Hamilton**—It goes through to the port of Hastings and services down through the Mornington Peninsula.

**CHAIR**—What sort of freight goes out of there?

**Mr Hamilton**—At the moment, the port has steel deliveries. Rolled steel comes in through the port. It also has some LPG gas deliveries, with the ships coming into the port. From what I understand, the operation of the port is in a minor mode at the moment compared to the port of Melbourne. It is really being held in reserve for the next 20 to 30 years so that when the port of Melbourne reaches capacity the port of Hastings will then have an opportunity to take up that reserve or provide additional capacity.

**Mr McARTHUR**—Given that some commentators are talking about Melbourne reaching capacity, could you give us a comment on what the capacity of the rail and road networks would be to deliver freight from Hastings to the metropolitan area?

**Mr Hamilton**—This would be something which the specific studies will need to go into. Again, the modelling that we have looked at as it affects the City of Casey indicates that at the top end of the Western Port Highway, just near the area on locality map 2 where the South Gippsland Highway intersects, the highway will be up at quite high volumes. From memory, there will be in the order of 60,000 vehicles a day. The section along the eastern side of the highway, from South Gippsland Freeway down to just above the No.3 on the map, which is Hall

Road, that area from there across to the next road which is shown, which is Evans Road—it is about a mile across—is vacant land at the moment.

The City of Casey is about to review its structure plans for the area. It will infill with a combination of residential and industrial development right through there. That development will need to have access to the highway. That means there will be additional intersections coming along and that will potentially affect the capacity of the highway. So for Casey we are trying to balance up the broader regional functions of the road—which include providing access to the Port of Hastings—with how we develop the area as a growth corridor and provide new roads and connections to the existing arterial.

**Mr McARTHUR**—What about the rail connections to the Port of Hastings?

**Mr Hamilton**—There are no rail connections to Hastings though this corridor. At the moment, the rail connections to Hastings are reliant on the Frankston line, which then goes down through Tyabb. The Frankston line is also under pressure as a passenger commuter line and it will have limited capacity for major freight movements. We understand that the study from the Port of Hastings will look at the opportunity of providing a new rail link somewhere along the Western Port Highway corridor.

**Mr McARTHUR**—Connecting to what?

**Mr Hamilton**—Presumably that would link to the Dandenong-Pakenham line.

**Mr McARTHUR**—Would you say, from the local point of view, that the rail connection is somewhat doubtful—to make Hastings a viable port in, say, 2030?

**Mr Hamilton**—They would need to be reserving the land now to make sure that there is the ability to put that rail connection in.

**Mr McARTHUR**—Is your municipality arguing that case?

**Mr Hamilton**—We will present to that study through the port of Hastings that if they wish to get a rail connection they will need to do so very soon. I doubt that there is land within the City of Casey that would allow a rail corridor to go in, because of the development that has already occurred. It would need to go through areas to the west of the City of Casey. Particularly up in the area around Dandenong, they would need to be looking at that very quickly.

**Mr McARTHUR**—What rail connection would you make to the Dandenong-Melbourne rail link, or do you get a third line for freight? If you had a major freight link, how would you make a connection to the CBD?

**Mr Hamilton**—A lot would depend on whether there was a freight interchange located either in the Hallam area or in the Dandenong South area. If there was a rail-road freight interchange located in those areas, you would want to get the Hastings rail connection to come through that, to maximise the opportunities. If that did not occur, then you would have to look at other connections through. I could not comment on the ability to connect across through the green

wedge area further to the west of Dandenong. Potentially, I suppose, they could have looked at the Eastlink corridor. I am not sure what the capacity of that is.

**Mr HAASE**—You indicated that you have advised authorities that they will need to do something. What has been their response?

**Mr Hamilton**—We have spoken with the port of Hastings about this. It has been through the port of Hastings and, when the port of Hastings gets into their transport study, which they are just commencing, we will take the opportunity again to reinforce our views through that process.

**Mr HAASE**—Okay, so this may be progressing in fact.

**Mr Hamilton**—The port of Hastings has engaged consultants to do a major strategy, to look at how they provide the transport links.

**Mr HAASE**—Is there any estimate, at this point in time, for when Hastings may become the alternative port?

**Mr Hamilton**—The most recent I have heard is that it is still on hold for a 20- to 30-year time frame.

**Mr HAASE**—Your point in your submission, as I interpret it, is that you think that at least the detailing of the corridor and the acquisition of land et cetera at this point is vital.

**Mr Hamilton**—Certainly. If it is not put in place now then you will have development occurring that will make it much harder to acquire the land. It means that you will have to pull out whatever has been developed. You will also be trying to achieve a corridor through land where people already have an expectation as to how it will develop. If you try to come back and say, 'We're now going to put a new road link or a new rail link through here,' then the community often has concerns about that sort of thing, so it is much harder to achieve.

**Ms HALL**—So what you would like is assistance to build these road links prior to the release and development of that land, so that they are in place and that takes the traffic off the main highway—now or in the future—and, therefore, makes the flow of traffic better? You have not got the development there—this is prior to that land being developed, so that you have the infrastructure in place first?

**Mr Hamilton**—Certainly in relation to the links to the port of Hastings, that will all occur outside the City of Casey, but we would be suggesting they really need to identify the corridors and acquire the land.

**Ms HALL**—Regarding the link from the South Gippsland Highway that we were talking about earlier, which would divert the traffic from going through the city of Cranbourne, the land where that road would go has not been developed? You have not got residential development there yet?

**Mr Hamilton**—There is residential development occurring now, and that will occur over the next couple of years, but the council has in place structure plans which identify those road links.

So, as the land is developed and subdivided, we are requiring the developer to provide the land. Then we have in place what we call development contribution plans, which assist towards the partial funding of those connections.

**Ms HALL**—And you would like some assistance to upgrade those and get the traffic out of the city of Cranbourne—is that right?

**Mr Hamilton**—Yes, certainly.

**CHAIR**—Looking at the map in attachment 1, what are the boundaries of your city?

**Mr Hamilton**—The Western Port Highway is our western boundary.

**CHAIR**—That is the black line from Hastings almost to Dandenong?

**Mr Hamilton**—Yes. Our boundary runs from the northern end of the Western Port Highway at the Princes Highway down along the Western Port Highway to Pearcedale. Tooradin is on the map on the South Gippsland Highway. To the east of Tooradin, there is a no. 10 and a road up through to Cardinia Creek. If you follow the brown line up to where it says Cardinia and then follow the blue line up to the Princes Highway, which is Cardinia Creek, that is our eastern boundary. Then our boundary goes up through to the north—the black line would be Wellington Road, and our boundary is a little bit south of Wellington Road.

**Ms BIRD**—When you say that you are largely a residential city, does that feed Dandenong? Where do most of the people work?

**Mr Hamilton**—The movements for employment are to the north-west. They head in towards Dandenong, they go up the corridor through to Knox and across to the Braeside-Mordialloc area. About six per cent of the population would have employment in the CBD itself, the majority of the employment is in the corridor that runs between Knox and Dandenong and across to the bayside suburbs and the Braeside area.

**Ms BIRD**—Would most people access that work by car?

**Mr Hamilton**—Yes, most people do, because, whilst we have two rail lines, the destinations that people are going to are not serviced by the rail stations. We have quite a poor bus network within the City of Casey and very limited bus networks outside. The majority of people drive to work.

**Ms BIRD**—Are they competing with a significant amount of freight movement along that corridor as well?

**Mr Hamilton**—Because the movements are to the north-west, they are using the same routes. They are using the South Gippsland Highway, the Princes Highway and the Monash Freeway, so they are competing on the same routes.

**CHAIR**—What is the population of the city?



**Mr Hamilton**—The population at the moment is 220,000. It is expected to go to a bit over 300,000 in the next 15 years probably.

**CHAIR**—So you are in a growth area. I am not trying to put words in your mouth but what I think I am reading in your submission is that, for a city of that size, you cannot cope with the arterial road and rail expenses—in fact, you would be limited in what you could contribute even to the road system.

**Mr Hamilton**—That is correct. With the existing arterial network, which is the state highways and the declared main roads, VicRoads' and the state government's focus is on upgrading that network, but that is only a small component of the future arterial network that is required. So the City of Casey has identified the arterial route as being a mile grid. We have structure plans in place which identify where they are. We have development contribution plans which allow for some contribution to them. At the moment, the full responsibility for providing that future arterial network is sitting with the City of Casey. The state government and VicRoads do not recognise the need to expand their existing arterial network. That is a big concern for the city.

**Mr HAASE**—I am concerned. You will have 300,000 people in 15 years and further south than your southern boundary you have got what in your submission you refer to as the future deepwater port facility for the suburban population of Melbourne—and all that that entails. Are you seriously suggesting that the state government is not concerned about freight et cetera being shifted through your local government area in an efficient manner? I find it almost unbelievable that there would not be some forward planning, if Hastings is seriously going to be the alternative to Melbourne as a port, potentially taking future growth from what is going into Melbourne today. Surely there would be budgeting that would provide for those corridors. Wisely, I think, you are looking ahead, looking to have town planning that will give residents and developers the opportunity to do their business with a future plan in mind, but my radar is saying, 'Go and research this and find out what state government transport has in mind.' I would expect to find that there was an embryonic plan at least.

**Mr Hamilton**—The only way I can respond to that is to say that in our dealings with the state government and VicRoads to date they have been focused on the existing state highway and declared network, and they have not shown any real interest in the future arterial network. The City of Casey has identified a future arterial network, and we are working towards delivering that, but that is being done entirely by the City of Casey.

**Mr HAASE**—It is a bit like a janitor worrying about production budgets. I am amazed.

**CHAIR**—The point I was trying to make earlier was that this happens a lot to councils across some of the arterial networks and the junctions in these networks. They suffer the trauma but have very little control over what can be done to alleviate it. They are sort of the victims of transit arrangements.

You said that for the people that live in your area the rail system has two routes into the city but, if you had a rail route to your industrial areas, that might alleviate the use of cars. Where would such a route lead? Where is the heavy industry that people in your city access for employment?

**Mr Hamilton**—The main employment area is the Dandenong South industrial area, which is to the west of the Western Port Highway. Between there and the next line that you have on Attachment 1 is the line that runs from Dandenong down through to Frankston. That area to the south of Dandenong is quite a large industrial area but the other industrial areas are further north along the Stud Road corridor, around Knox and right across in the Braeside area around Mordialloc.

**CHAIR**—So you are saying that if the train line that goes just north of Cranbourne into the city went into that industrial area you might get a lot more people using rail—is that it?

**Mr Hamilton**—If a rail line came up from the port of Hastings it might provide the opportunity for people coming from the Mornington area to come up into that industrial area, but I do not think it would service the commuters of Casey, because it would not come through the residential areas of Casey.

**CHAIR**—I see.

**Ms HALL**—Wouldn't it be better if we could get the freight travelling by rail and get all those heavy trucks off the road and not travelling through Casey, rather than build more roads and get more traffic into your city?

**Mr Hamilton**—Certainly the more traffic you can get onto rail, the less you have on roads.

**Ms HALL**—Would your council support that?

**Mr Hamilton**—We would support an increase in the rail infrastructure. A lot of the freight that also occurs around the metropolitan area is moving within the metropolitan area. So rail is not going to take that freight away.

**Ms HALL**—I understand that, but ultimately the best gain for the community that you represent would be to have fewer cars on the road, rather than having more roads built.

**Mr Hamilton**—Yes.

**CHAIR**—Mr Hamilton, thank you for your evidence today; it has been very helpful. We trust that we can come back to you if we require more information. We would be interested to know where your council would see those two train lines that we talked about going—or an improvement to the existing network. You can only do this in one of two ways: one is more arterial roads—and as Ms Hall has said that often compounds the problem rather than solves it—and the other is to take more traffic off the roads by having an efficient rail system. You might like to come back to us about where you envisage a train line going. In our report, we will probably have a chapter where we talk about these strategic road and rail linkages. It would be interesting to see what your view is on that. We will be sending you a transcript of your evidence today, which we would like you to check and return to us promptly. Thank you again, and please convey our best wishes to your council.

**Mr Hamilton**—Thank you.

[9.55 am]

**ELPHICK, Ms Rose, Chief Executive Officer, Victorian Freight and Logistics Council**

**CHAIR**—Before we welcome the next witness, is it the wish of the committee that submissions No. 97, from the Australian Wheat Board, to No. 107, from the Port of Portland—with the exception of submission No. 105, which we have already authorised—be accepted as evidence and authorised for publication? There being no objection, it is so ordered.

I now welcome Ms Elphick from the Victorian Freight and Logistics Council. Although the committee does not require you to give evidence under oath, I should warn you that this is a formal hearing of the parliament and consequently warrants the same respect as proceedings of the parliament itself. It is customary to remind witnesses that the giving of false or misleading evidence is a serious matter and can be regarded as a contempt of the parliament. I now invite you to make an opening statement.

**Ms Elphick**—The Victorian Freight and Logistics Council was formed just over a year ago. Prior to that, there were a number of freight councils—the road, rail and sea freight industry councils. These were merged to form the Victorian Freight and Logistics Council. We are a part federally funded and part state funded organisation. Our role is to provide independent industry advice to government and act as a conduit from government to industry. The council—and the previous sea freight industry council, of which I was CEO—have for some years been prosecuting the issue of road and rail access to ports.

There are some significant impediments to access, certainly to the four commercial ports in Victoria, which currently have, and will have over time, a significant impact on their productivity and capacity to facilitate trade. So it is a matter of great concern. These impediments range from very significant arterial road issues such as the Westgate Bridge and the lack of capacity on the Monash Freeway to the more immediate rail and road access issues such as the Dynon portal, grade separations and dual gauge access to regional ports for rail freight. We have laid out a number of the infrastructure impediments in a submission.

We then move on to the issue of government's role and some of the regulatory issues. Perhaps the biggest issue is the capacity for ports which are constrained in terms of land area—three of the four ports are constrained—to provide off-port facilities which can operate on a 24/7-cycle and the need for government to support that capacity.

We are in the process of completing an infrastructure priorities report, which looks at issues of regulation and funding as well as infrastructure priorities. We are working through a process of industry consultation, so it is quite a bottom-up process. That report will be available to both levels of government in September this year. I am not sure how that relates to the timing of your inquiry, but we are more than happy to supply that. Thank you.

**CHAIR**—One of our biggest concerns—and this has been confirmed by our visits to Mackay and Gladstone—is that it is not just a simplistic thing of putting a new loader on at a port; it is the whole tracking back from there into the hinterland or to the main freight system or to the

coalmine or whatever it might be. I suppose it is a bit different in Victoria insofar as all the lines radiate out from Melbourne or the Melbourne environs. Do you see some priority lines as the answer or do you think that cross-networking is what is required?

**Ms Elphick**—I think that it varies. Victoria has a wonderful opportunity in that that convergence of interstate rail lines into the Dynon hub means that there is a magnificent opportunity for articulation with the country's largest containerised port. So there are some benefits to that network being a radial network. In terms of the intrastate network—and I do not use the term lightly—'parlous state' I think summarises the situation. We have major freight corridors, such as the Mildura line, where rail can only achieve very low speeds and the track is in a very poor state. We have a growing freight task in the north-west of the state. So whilst it is radial, it is in a poor condition.

We have a situation at the port of Hastings where a radial network is not in any way servicing, as you heard previously, that particular port. Articulation of that port with an interstate network simply does not occur other than through one passenger rail track into Melbourne. So there are significant issues. Of course, freight wishing to access the port of Portland has not only a gauge constraint but also its natural hinterland, which includes a part of South Australia, is currently not attached. So there are some significant gaps in the rail network as it currently stands and then there are some orbital needs for the future. So there is a mix of requirements.

**CHAIR**—You represent a logistics council of the three arms of freight. Is there a general acceptance amongst your members that we have to shift a lot of freight from road to rail or is there still some education to be done there?

**Ms Elphick**—I have been surprised by our recent work. I am not sure whether to attribute it to the impact of fuel price increases encouraging industry to revisit the potential of rail but we found a very strong interest by major customers of the ports in shifting more freight to rail. Potentially it also has to do with some regulatory matters, including chain of responsibility, particularly for regions that are more than four hours road travel time from the ports, because you need to address issues of occupational health and safety. We have had discussions about whether those things are impacting on this strong interest.

**CHAIR**—Are you talking about health and safety for the rail workers on the rail itself?

**Ms Elphick**—Truck drivers who come down to offload at the port will often experience three to four hours discharging a load in the terminals—

**CHAIR**—Delay at the port.

**Ms Elphick**—and then waiting to be reloaded. That means that, if you have a 12-hour shift, by the time you get back to a regional centre, you have extended beyond your 12-hour shift. That or fuel prices may be having an effect, but we have found a very strong interest.

**CHAIR**—Let us take Mildura as an example of that. Is that a standard or broad gauge line?

**Ms Elphick**—It is a broad gauge line.

**CHAIR**—What sort of freight would that bring down to Melbourne?

**Ms Elphick**—It carries quite a lot of horticultural product, such as wine, fruit, vegetables and grapes. It also carries meat.

**CHAIR**—You say the track is old and slow.

**Ms Elphick**—Extremely.

**CHAIR**—We know there is third-party access on the standard gauge lines. Is there a third-party access regime for the broad gauge lines?

**Ms Elphick**—An access regime is currently being developed by the Victorian government for the intrastate rail line. That is yet to be concluded.

**Mr HAASE**—In your submission, in the third paragraph under ‘The role of government’, you go into some detail about the expectations into the future, the importance of planning et cetera. It was quite a convoluted statement. Does it simply mean that you and your organisation are greatly concerned with the creation of corridors so as to provide for freight movement in the future? I am trying to gauge from it whether it is a veiled criticism of what is occurring today or simply an underlining of the necessity to flag for the future and create, on paper, corridors. Are you saying that the way governments collectively are doing things presently in getting around to planning for the future creation of arteries ought to be different, or are you saying that we simply need to keep that in mind and do it as we are doing presently?

**Ms Elphick**—The way that we are currently doing it certainly requires a much stronger role by state and potentially federal government. We have been talking with government for probably five years about the need for protection of freight places and the corridors, both rail and arterial road, to access those freight places and looking for state planning provisions to protect those pieces of infrastructure. Consistently, they are being eroded by local planning. There is not a strong articulation of the function of that infrastructure into the state planning system and into the local government planning schemes. We see constant conflict arising between land uses, often encouraged by local government wishing to have a shift in land use in those particular areas. Infrastructure is extremely expensive to replicate and there is only a finite number of dollars.

Our concern is that, particularly for intermodal areas, when the finite amount of land at our ports is consumed we will need what is essentially a network of sites to service our ports—sites that operate in a very similar way to the port except that they do not have the blue water. In all other respects, they will operate as port terminals. We need to identify them and protect them. We have been calling on government for some time to do that. We would suggest that perhaps the policy framework is not in place and certainly the planning framework does not have the strength to provide those protections under the current arrangements.

**Mr HAASE**—The erosion that you speak of: would you venture an opinion in relation to that? Is it conflicting interests, do you think, and the creation of short-term solutions to planning problems that is causing this almost nationalist state of predetermined corridors to be eroded? Is it lack of vision?

**Ms Elphick**—There is an issue of lack of vision. I feel very sorry for the local councils, who obviously come under significant pressure for development of what is perceived as higher value uses. Planners are trained to seek best and highest usage of land. I do not attribute the issue to local councils. This needs to be done at the state and the national level, particularly where you have major freight hubs which will be articulated with the interstate network.

**Ms HALL**—I would like to concentrate on ‘the role of government’ part of your submission. You identify an issue that is fairly important within the Victorian scenario, and that is the relationship between the public and the private sectors and how you resolve that. You identified having to be careful that you do not give competitive advantage to private operators. In another area of your submission, you talk about the competing interest of the public good. Given this dilemma, how do you see that it can be resolved in the best interests of the nation and the state?

**Ms Elphick**—Again, this gets back to putting in place a strategic framework which is quite long term and which looks at the publicly funded infrastructure and how to optimise its capacity and which can take into account issues of public amenity and public safety. We have had a number of instances here in Victoria where investors have moved to an area that is not well articulated with rail and road and then have sought within a very short space of time public expenditure to service that particular investment.

It is not an optimal way to go. Even industry recognise that and have been calling on government for a definition of the framework and where government will and will not invest because of the efficiency of that public investment. Until industry have that framework, it is not surprising that they go ahead. They cannot stop investing; they need to service their customers. Unfortunately, without that framework, you often get quite suboptimal outcomes.

**Ms HALL**—What recommendations would you make to prevent anticompetitive behaviour by the various operators within the Victorian system?

**Ms Elphick**—We recognise that, particularly where you have intermodal areas where there is a nexus between rail and road and it has access to the ports, those hub sites, like ports, are quite few and need to be identified. Then there is the issue of common usage and common access. We would like to see government put in place a policy of common user terminals so that there is not the opportunity—he who controls the nodes essentially controls the corridor—

**Ms HALL**—Exactly.

**Ms Elphick**—and neutralises that corridor for his own purposes. So we are quite concerned to ensure that there is a common access regulatory regime for those major hubs that are articulated with public infrastructure.

**Ms HALL**—I share your concerns there. Will you be detailing that and making some recommendations in the report you are bringing down later this year on that?

**Ms Elphick**—Yes. We see it as being very urgent, in fact, given the great interest of a number of firms now in investing in those intermodals.

**Ms HALL**—You mentioned regulatory reform. Would you like to detail for the committee some of the regulatory reform that you believe is needed, which we were just discussing?

**Ms Elphick**—We raise a number of issues about high-performance vehicles. The National Transport Commission has a very difficult task, working across a large number of jurisdictions, in bringing about standards and putting in place regulation. We are not sure whether it is because of the pressure of growth in the industry, but we have companies in the industry growing 30 to 40 per cent per annum. They want to introduce high-productivity vehicles. That process takes an extended period. The requirements for permits take extended periods. Whether there is a way to streamline any of this regulation to speed up industry's needs for productivity without sacrificing the need to ensure public safety is a question that we would like to see explored in more detail at the national level, because we know that a number of these high-productivity vehicles will run the gamut of state road administrations and will need to go through that process repeatedly in order for one particular vehicle to be used by companies across the country. So perhaps there is an opportunity for streamlining that process, possibly led by the NTC—we are not sure. I do know that in this state VicRoads uses its best endeavours, but it is difficult.

We point out just one example within the meat industry. There are nine abattoirs in the state and they are now forced to go to these high-cubed refrigerated containers by the shipping lines, who are no longer supplying 20-foot boxes. They would therefore like to use rail and they would like to have permit use of heavy vehicles to get to those railheads. This is quite significant. It is a productivity issue and it is about them paying twice as much for a container than for the freight but not being able to fill it. This goes directly to our export effort.

**CHAIR**—You say the 20-foot containers are being phased out for cold containers?

**Ms Elphick**—That is correct.

**Mr HAASE**—Do we know why? Have you been told why?

**Ms Elphick**—It is the shipping lines and the number of containers that they are ordering. They are no longer ordering 20-foot reefers. They are using them on other trades. Over 80 per cent of our meat exports are supplied by four lines, and all of them have withdrawn 20-foot refrigerated boxes and are now only offering 40-foot ones. In the horticultural industry, this means another row of orange cartons into that container, so these things are quite significant for our exporters' costs and our competitiveness.

**CHAIR**—So you say you need the heavy vehicles to bring them into the railheads and you want an efficient rail system to get them to port.

**Ms Elphick**—That is correct.

**Ms BIRD**—There is one thing I would like to follow up on. I am finding your contribution very interesting, so thank you for it. I am New South Wales based so not entirely familiar with the Victorian circumstances, but it seems to me on hearing a Melbourne story that it is very similar to a Sydney story, in that you have the growth of huge dormitory suburbs—for want of a better word—with an increasing amount of commuter based transport coming from outlying areas into the city. That then creates real competition. Your state government are trying to

manage that, which is a major task for them, and it sounds like the impact on the freight movement and its competition on those access routes, be they road or rail, is something that slips by, I suppose, as second on the agenda of importance. You always have the political pressure of people trying to get to work and so forth. Is that similar to what is happening in the Melbourne situation?

**Ms Elphick**—That is precisely what is happening. In fact, I have a map here which shows it.

**CHAIR**—Just before you show us that, is it the wish of the committee that we ask Ms Elphick to send us a smaller version of that map that has been shown to us and that we accept that into the record as an exhibit?

**Mr HAASE**—I so move.

**Ms HALL**—I second the motion.

**CHAIR**—It is so ordered.

**Ms Elphick**—This map demonstrates the dominant freight routes throughout the metropolitan area. I will forward it electronically so that you can have a detailed look at it. These red areas indicate the activity centres. These are major freight-attracting areas. They are industrial areas. The green area shows the extension of those industrial and employment zones in Melbourne, so you begin to see where potentially freight activity is likely to expand. The purple—the mauve—indicates the major freight routes and the pinkish shade indicates the secondary freight routes. You can already see on the fringes of Melbourne the proliferation of major and secondary freight routes to these industrial sites. The arterial network—which is these lines here—is extremely poor.

**CHAIR**—The previous witness was saying that down in this area it is very difficult to get rail time on the existing lines.

**Ms Elphick**—There is a proposed triplication of the Dandenong-Caulfield link. That is probably in an advanced state of planning with the state government.

**CHAIR**—In broad gauge or standard gauge?

**Ms Elphick**—Broad gauge. It has been developed mainly for passengers as opposed to freight. The witness is correct in that, currently, freight coming from Hastings has to come via the Frankston line rather than out here through the Gippsland line, which is quite unfortunate in that that is the most trafficked. Once you get to Dandenong, that area between Dandenong and Caulfield is extremely heavily trafficked by passenger rail.

**CHAIR**—So the third line will not make a lot of difference. It will just improve the efficiency of the urban transport system.

**Ms Elphick**—That is correct, and that is a great concern to us.



**CHAIR**—I have just read in your submission that all the timber from the eastern side of the state has to go through this system over to the western side, then down to Geelong.

**Ms Elphick**—That is correct.

**CHAIR**—That seems to me to be incredibly inefficient.

**Ms Elphick**—It also seems so to us.

**CHAIR**—Not only that, but it is also a contributing factor—

**Ms BIRD**—All the way through.

**CHAIR**—Coming from the logistics council, you can probably answer this question. Why wouldn't you be developing Hastings as a timber port seeing that it is on that side of the state?

**Ms Elphick**—There are a number of reasons. One is that access down to the port of Hastings is poor and local access from the now duplicated road down there is very poor and very dangerous. The storage facilities that have been invested in by the timber companies are in the port of Geelong and it is a matter of replicating those storage areas.

**CHAIR**—Let me put this question to you, as you are a logistics person. I am not trying to 'blue sky' too much but surely it would be cheaper for the state government to offer some subsidies to shift timber facilities to Hastings than it would be to put in a massive upgrade of rail traffic right across the city?

**Ms Elphick**—Other freight would benefit from a route joining these freight routes beyond the timber industry.

**CHAIR**—It is not just timber?

**Ms Elphick**—No.

**Mr McARTHUR**—I would add to the chair's two questions. If you take Hastings, how are you going to make a rail connection to the main network? You say in your submission you would need a lot of investments. Is that a possibility? The previous witness demonstrated that it was almost impossible to make a rail and road connection to Hastings and then to the Melbourne CBD.

**Ms Elphick**—There are potentially two ways in which it could be done. One is to put a line down off the Gippsland line into the Port of Hastings. The other is to create an entirely new route which is an orbital route, which would come around to the north of the city—

**Mr McARTHUR**—Is that a rail route?

**Ms Elphick**—and would bypass going into central Melbourne.

**Mr McARTHUR**—Rail?

**Ms Elphick**—Rail.

**CHAIR**—Are there any elements of that there at present, or would it be a totally new thing?

**Ms Elphick**—There was the opportunity of combining rail with the Mitcham-Frankston Freeway in its design and planning, so there is a corridor potentially there that may be able to be exploited. But it is likely that you would prefer to go further east.

**CHAIR**—You probably heard the previous witness. If there were a connection from Hastings up to the Gippsland line, somewhere around Dandenong, would that still achieve anything? From Dandenong into the city, aren't you just beset again with the same congestion problem?

**Ms Elphick**—That is true, but for some cargoes you do have the opportunity to stage them either out of the port of Melbourne or out of the port of Hastings. This area generates about 35 per cent of freight activity in Melbourne, so in its own right—and certainly given the extensive opportunity for development in that region—quite a high percentage of freight would be consumed prior to leaving that region.

**CHAIR**—That is if that 35 per cent of freight that you are talking about is single strand freight, unique to that area, but if it has to be consolidated with similar freight from other parts of the state, it does not achieve a lot, does it?

**Ms Elphick**—Not unless—

**CHAIR**—If it is a discrete form of industry there, it could go straight to Hastings if you had the port facilities, couldn't it?

**Ms Elphick**—Correct. Or it could be articulated back up with another hub. As I mentioned, we view hubs as part of the port network, so that—

**CHAIR**—These are road to rail and rail to road hubs?

**Ms Elphick**—Correct.

**Ms BIRD**—Do I understand correctly that you are saying, too, that it is not just the focus of taking stuff out of ports; it is also what is coming in to be distributed in a city, so that—

**CHAIR**—You have two problems then.

**Ms BIRD**—Yes. You constantly have 'our priority is to get our exports out,' obviously, but no doubt the public's priority is to get their imports in and distributed to them.

**CHAIR**—In fact, you probably have three problems: there is not only into the city; there is the heavy stuff that needs to be taken by boat, and then there is the interstate stuff that probably needs to be taken by road or rail to the other states.

**Ms BIRD**—Yes. So is that 30 per cent you were talking about imported stuff coming in, as well?

**Ms Elphick**—It is both. This area consumes a significant amount, because the centre of Melbourne's population is in the City of Monash. So the weighting of population in Melbourne is to the east. Population creates consumption and production, and it is always a very good guide for freight.

**CHAIR**—So you are saying that a lot of raw material goes into that 35 per cent area?

**Ms Elphick**—That is correct. It is a significant manufacturing belt through this area.

**CHAIR**—So it has to have connections to the north and the west, not just to the south?

**Ms Elphick**—Yes. It needs to be able to cater to domestic supply as well. In our view this area would be ideal for one of these significant intermodal sites which need to be articulated with the interstate road and rail. Currently this area is not.

**CHAIR**—You do not say much about that in your submission, do you? I do not remember you saying that. You are arguing a case similar to one of our terms of reference, which is for inland freight hubs. You are saying you want a similar sort of thing, but in the city.

**Ms Elphick**—We view that there will be a number of freight consolidation hubs in the regional areas. In fact there are about 12 that are now developed or under development in the regions.

**CHAIR**—I might have done you a disservice there; I am sorry.

**Ms Elphick**—Yes, it is mentioned.

**Ms HALL**—In paragraph 3 under 'Rail network interface'.

**CHAIR**—Yes.

**Mr McARTHUR**—I raise the issue of the Westgate Bridge. You might just help my interstate colleagues understand what we are talking about. You talk about the Westgate Bridge reaching full capacity. What is your group suggesting: a tunnel or a new bridge? You might just tell my colleagues where the Westgate Bridge is and why it is so critical.

**Ms Elphick**—The Westgate Bridge is on a very crowded part of the map in front of us. The bridge is our one access across the Maribyrnong River into the western suburbs.

**Mr McARTHUR**—Just show my colleagues what it connects.

**Ms Elphick**—It connects the western suburbs, where at this point in time the majority of freight activity takes place. You will see the port of Melbourne on the map and there is a river that comes down towards it. The bridge crosses that river.

**Mr McARTHUR**—So what is your group suggesting? Are you suggesting a tunnel or a new bridge?

**Ms Elphick**—We are certainly suggesting a duplicated facility, whether that be a tunnel or a bridge. It is up to the state government to determine what is the most appropriate way to meet that need. In terms of the capacity of places like Footscray to develop those high-quality areas—

**Mr McARTHUR**—In your submission you are saying that the Westgate has reached its capacity, especially during the daylight hours.

**Ms Elphick**—That is correct.

**Mr McARTHUR**—So when are you suggesting that the whole thing will clog up?

**Ms Elphick**—The whole thing does clog up for several hours each day. It is working beyond its volume to capacity ratio.

**Mr McARTHUR**—So give me a date of when you need a new one.

**Ms BIRD**—I think she is saying ‘now’.

**Ms Elphick**—Currently.

**Ms BIRD**—It has happened.

**CHAIR**—It is happening now.

**Ms Elphick**—Yes.

**Mr McARTHUR**—So you want a new bridge within 10 years?

**Ms Elphick**—Certainly.

**Mr McARTHUR**—That will do.

**Ms HALL**—A bridge or a tunnel.

**Ms Elphick**—If you have a tunnel, it enables the raw land price to escalate above ground, which would be an exceptionally good thing for the inner west.

**Ms HALL**—You feel that a tunnel would be more beneficial than a bridge?

**Ms Elphick**—That is up to the state government to determine. However, as you are aware, land prices and the ability to generate a betterment would certainly relate to the way in which freight is managed through that inner western area. A tunnel would enable the at-ground area to be developed with a significant increase in densities. The state government has a program called Transit Cities, and central Footscray is one of those nominated. This would give an opportunity

for that policy to come into full realisation. But in terms of costs and those parameters of land prices that would result, that is something that we will leave the state government planners to work out.

**CHAIR**—I would like to bring you back to the terms of reference. I can understand city and shire councils wanting to put the best spin on how these freight corridors affect their cities and shires, but what we have to try and advise the government of is how the arterial roads—and we are not just talking about city arterial roads but the arterial roads and road links of the nation—can be made more efficient and how they can connect better to ports. That is probably our primary role in this inquiry. Coming back to this south-eastern industrial area that we have talked about—and I can see on the map the other ones to the near north-west—have there been any input-output studies on where the various raw materials come from and what proportions go to local, interstate and port export facilities?

**Ms Elphick**—I can supply to the committee some work that was completed at the end of 2002, which is currently the most recent work. It looks at commodities, corridors and future growth forecasts for freight.

**CHAIR**—Is it just output or is it input as well?

**Ms Elphick**—It is both. It looks at the freight task here in Victoria along the various corridors and the commodities moving to and from the ports. We have relied strongly on this work that was conducted by the Department of Infrastructure. It is the most recent.

**CHAIR**—We should have spent more time on this, but I would like you to spend a few minutes on it. I get a distinct flavour from your submission that around Geelong and Portland—we have heard about Hastings and Mildura from you—there does not appear to be any rhyme or reason to the rail connections. They seem to be a mixture of broad gauge and standard gauge. In Geelong, for example, you are talking about even having a dual gauge between two port areas. Do I get from that that rail is still not being taken very seriously, or has not been until now?

**Ms Elphick**—I believe that in the case of Portland much of the issue was created during the One Nation expenditure when a section of track was standardised to that port, perhaps in anticipation of the ongoing standardisation of track in Victoria which has not occurred.

**CHAIR**—I take your point.

**Ms Elphick**—The port of Portland in some ways—

**CHAIR**—Cannot reach its full potential.

**Ms Elphick**—Correct.

**CHAIR**—I note too that this applies not only to Victoria but also to Mount Gambier in South Australia.

**Ms Elphick**—Yes. The state has 4,000 kilometres of rail line, much of it unsustainable and paid for by one customer, which is grain. We believe that it cannot continue so we will be

looking to some rationalisation of rail in this state. We also believe that standardisation is extremely expensive.

**CHAIR**—In the section called ‘Rail Network Interface’, could you give us some maps or sketches of what you envisage with those various linkages?

**Ms Elphick**—We can provide that, yes.

**CHAIR**—We are talking about Mount Gambier and—is it Tapeena?

**Ms Elphick**—Yes.

**CHAIR**—I am not familiar with what you are talking about in that area. It would be helpful to us if you could supply the committee with a sketch map of the western feeders into Portland. You mentioned Mildura earlier. If the Mildura line were upgraded to standard gauge would it be purely for freight or do you see it being used as, say, the new tilt rail lines are being used in Queensland to shift passengers? What is your take on that?

**Ms Elphick**—The standardisation is primarily for passenger rail. Freight can be moved effectively. The issue, as I mentioned, is the poor condition of that rail. If the existing line were upgraded to cater for 23-tonne axle loadings, it would serve freight quite adequately.

**CHAIR**—What is the limitation on the Mildura line at present?

**Ms Elphick**—At present, the speeds in some sections are below 20 kilometres per hour.

**CHAIR**—Below 20!

**Ms Elphick**—And the axle loadings in some parts are below 20 tonnes. It is in a parlous state.

**CHAIR**—Would it be the main intrastate arterial line that needs attention?

**Ms Elphick**—The north-south line, which services the area of Shepparton through to Wodonga, carries a significant volume of freight.

**CHAIR**—That is part of the national network, isn’t it?

**Ms Elphick**—There is also an interstate line.

**CHAIR**—They are two separate lines, are they?

**Ms Elphick**—That is correct. The ARTC has an upgrade program of their line.

**Mr HAASE**—Can I just clarify that. Are the 20-tonne axle weight and the below 20 kilometres per hour sections in the interstate west, or are they in an intrastate line to Mildura?

**Ms Elphick**—This is an intrastate line.

**Mr HAASE**—I was not sure where it went. Thank you.

**CHAIR**—Talking from a logistics point of view—we will obviously be investigating this in more detail—could you comment on the idea of an inland line from Melbourne to Brisbane, or Melbourne to Gladstone. What is your view on that?

**Ms Elphick**—The upgrades, as proposed by the ARTC, will significantly increase the capacity of the existing east coast rail.

**CHAIR**—But only from 17 to 35 per cent, whereas the east-west corridor is at 80 per cent. How do we get from 35 per cent up to 60, 70 or 80 per cent? What is the answer? I know what you are going to say; I should not be anticipating it like this. It is such an improvement to have gone from 12 per cent to 17 per cent, as it is now, and prospectively to go to 35 per cent, but that is still a long way from catching up with the east-west corridor, isn't it?

**Ms Elphick**—That is correct. It is going to be a function of those matters that I mentioned earlier in terms of occupational health and safety. Driver shortages are also playing a significant role. If you can substitute 70 or 80 drivers for two on rail, that will have a significant impact. That, along with fuel price increases, is likely to drive the fundamentals of the cost of rail. In the industry it is about cycle times. Being able to get that turnover of assets is the key motivator for investment and use of the various modes. That cycle time, if it can be brought down to between eight and 10 hours overnight from Melbourne to Sydney, will have a significant impact in pulling freight to rail. It is not a matter of whether an inland rail is required; it is a matter of when. And that timing is something that is difficult to predict.

**CHAIR**—So your first priority is to see the east coast line get up to its full potential.

**Ms Elphick**—That is correct. It is an issue of optimising the existing capacity prior to investment in the new capacity. I also think that there will be significant issues in the planning and reservation of the inland rail, which will take time, so the focus needs to be on making what is currently there functional.

**Ms BIRD**—I have one question, and I apologise for jumping the gun. We will hear later from the Australian Shipowners Association, and I was interested to hear your comment that you were previously CEO of the sea freight council. I would be interested to hear your perspective. They make the point that we use sea passage of interstate freight in a very limited way, when it is actually a very cheap option. I assume they are saying this because you do not have to build things. I would be interested in a little bit of reflection from you—if you do not mind me asking, having regard to your previous hat, which has been subsumed into your new hat—about that potential.

**Ms Elphick**—It is still my hat.

**Ms BIRD**—Do you think it is something we are not looking at seriously enough as a nation, or is it really not a particularly productive way to go?

**Ms Elphick**—There is strong interest emerging in coastal shipping. Again, the issues are about the combination of the costs of operating the vessel which are escalating with fuel prices,

the cargoes being non time sensitive and the amount of pressure. It is certainly an excellent option for a range of bulk products and for heavy equipment, which is how it tends to be used at this point in time. At various peak times during the year it is becoming extremely difficult to get rail slots from Adelaide and from Perth across to the eastern states, so coastal shipping presents quite a good option there.

**CHAIR**—Thank you, Ms Elphick, for a very interesting and stimulating, if not challenging, presentation. Thank you for the time you have put into this. We trust we can come back to you for the Portland area map.

**Ms Elphick**—Yes.

**CHAIR**—You will receive a copy of the transcript of today's proceedings, which you might like to check for any errors. Is it the wish of the committee that the document titled *The freight task in Victoria: a commentary on commodity, corridor and future growth forecasts* be accepted as an exhibit? There being no objection, it is so ordered.

**Proceedings suspended from 10.53 am to 11.12 am**



**ASHWORTH, Mr Robert, Investment Manager, Latrobe City Council**

**RICHARDS, Ms Anya, Consultant, Freight and Transport, Latrobe City Council**

**CHAIR**—Welcome. Do you have any comments to make on the capacity in which you appear?

**Mr Ashworth**—I work in the economic development unit of Latrobe City Council and I am based at Morwell.

**Ms Richards**—I am a senior consultant with Meyrick and Associates, who have been engaged by the city on strategic development in transport and logistics issues.

**CHAIR**—The committee does not require you to take evidence under oath, but I advise you that these are formal proceedings of the federal parliament and warrant the same respect as proceedings of the House itself. It is customary to remind witnesses that the giving of false or misleading evidence is a serious matter and could lead to an action for contempt of parliament. Having said that, you are most welcome. Please give us a five- to seven-minute overview of your submission and how it relates to the terms of reference.

**Mr Ashworth**—On behalf of Latrobe City Council I thank the House of Representatives Standing Committee on Transport and Regional Services for giving us the opportunity to expand on the issues raised in the recent submission. As just mentioned, I am accompanied by Anya Richards from Meyrick and Associates, which is a national logistics consultancy company which is advising the city on strategic development issues.

Latrobe City Council regard freight logistics as a key element in servicing our existing users as well as supporting further inbound investment. We wish to highlight that our actions in promoting a significant intermodal facility for eastern Victoria are absolutely consistent with national and state transport priorities. The Latrobe Valley is only one hour's drive from the rapidly expanding south-eastern suburbs of Melbourne, where there are really large population increases and a consequent rise in transport volumes. The railway line from Melbourne to Latrobe is currently receiving substantial infrastructure upgrading as part of the Victorian fast rail program that will allow heavier freight trains. In fact, the freight loadings on the line from Melbourne to Latrobe will be upgraded to 25 tonnes per axle.

On the back of that, the city has purchased a 69-hectare greenfield site at Morwell East which is to be developed as a major intermodal road and rail logistics hub. We understand that this is the only rail serviced industrial land that exists between Dandenong and Latrobe. The current level of inquiry from potential users is extremely encouraging. When it is fully operational, the Gippsland logistics precinct will allow port-bound containers to be loaded at a regional location and then transported by rail, which will take some of the pressure off the increasingly congested road system—and importantly, we hope, create employment in a regional area, which would otherwise be done at the ports of Melbourne and Geelong.

The recently completed master plan for the site indicated that infrastructure development costs of about \$16 million will be needed for the greenfield site. A majority of that amount is required to attract a large anchor user, who will have to commercially carry most of the cost. If we are to attract a large anchor user—and the city is negotiating on a commercial-in-confidence basis with a large user at the moment—there will be a very substantial infrastructure cost required, even allowing for some state and Commonwealth government infrastructure support.

Our experience with potential users is that many of them simply determine that dealing with the rail sector in Victoria is just too complex. Factors include ample competitive road freight providers, the rail access regime, lack of rail freight competition, and, in Gippsland's case, apparently permanent disconnection from the national and intrastate standard-gauge network. We understand that Gippsland and Warrnambool will be the only major regions of Victoria that will be permanently excluded.

With the use of rail freight in and out of Gippsland now only a tiny fraction of all land transport movements, it could be quite easy for the Latrobe Valley to simply determine that the task at hand is insurmountable. However, Latrobe believes that most of the ingredients for success of our precinct are actually achievable within quite a short time, given fair support.

Finally, the committee should be aware that there is potential for new forms of value-added coal based products to become significant exports from the Latrobe Valley over the next few years. In the event that this business is developed, there will be a need to judiciously plan for appropriate freight transport and port connectivity as soon as possible.

**CHAIR**—Did you want to add anything, Ms Richards?

**Ms Richards**—No. I am quite happy with that.

**CHAIR**—Could you help us a little bit in locating Latrobe in Victoria, just so we are aware of where it is? Could you give me a bit of information about the area covered by the council?

**Mr Ashworth**—The Latrobe Valley is located 160 kilometres east of Melbourne. It is the third largest regional centre in Victoria after Bendigo and Ballarat. The city itself has a population of 70,000. The major economic driver in the Latrobe Valley is the coal mining industry. The Latrobe Valley produces about 85 per cent of Victoria's electricity production from brown coal. It is also the site of the largest integrated pulp and paper mill in Australia, which is run by PaperlinX. It has a very large economy based on tertiary education, retail, tourism and government administration in various forms. So it is a very large centre. As I mentioned, it is not much smaller than Bendigo or Ballarat. It has a dual track railway line, which is currently being upgraded as part of the Victorian very fast train program.

**CHAIR**—Dual track to Melbourne?

**Mr Ashworth**—Yes. There is one short section between Drouin and Longwarry which is currently single, but that is only about eight kilometres. The majority of the line is double track.

**CHAIR**—What do you mean when you say 'dual'?

**Mr Ashworth**—Two tracks.

**CHAIR**—You are not talking about dual gauge?

**Mr Ashworth**—No; it is a broad-gauge line.

**CHAIR**—What do you see as the major impediment to the use of the ports in Victoria?

**Mr Ashworth**—One of the current problems is road congestion and connectivity within the ports themselves. I might defer to Ms Richards on that judgment.

**Ms Richards**—I think there are also some significant issues about connectivity via rail, particularly for containers. In the future, with the growth in the port of Hastings, which the Victorian government has designated as the second container port, those issues will be increasingly significant.

**CHAIR**—You have not heard the earlier witnesses today, but what would your scenario be to provide access to the port of Hastings? From what train line would you feed it? What is your overview of that?

**Ms Richards**—My understanding is that, under the current infrastructure scenario, Hastings is not connected to the interstate standardised gauge network. So I would be urging for that to be a priority investment for the Victorian government. Adding to that further would be a standardisation of rail back to the Latrobe region and Gippsland in general. Without that, there would need to be some connectivity—

**CHAIR**—However, if you have a line running from Hastings up to somewhere near Dandenong and you need to have a standard-gauge line east to the Gippsland area, doesn't that also imply that you have to have a third corridor into the city?

**Ms Richards**—Which I believe is one of the Victorian government's stated initiatives.

**CHAIR**—Yes, but not in standard gauge.

**Ms Richards**—No. Latrobe and Gippsland as a whole have been recommending to the state government that the triplification of the rail line from Dandenong into the city is—

**CHAIR**—What sort of freight, which would normally go on road, is likely to take advantage of that?

**Ms Richards**—The sort of freight that would normally go on road that would take advantage of a standardisation of rail from Latrobe?

**CHAIR**—From the eastern side of Victoria.

**Ms Richards**—There are significant timber exports, increasing containerised exports and a number of value-added coal export commodities. It is mainly containerised task where the issues of not having a standardised network come into play.

**Mr Ashworth**—In relation to the corridor to Hastings: the Commonwealth government in 1996 had a study called the South East Australian Transport Study, which looked at transport considerations between the outer eastern suburbs of Melbourne and the southern area of New South Wales to about Nowra. One of the key recommendations of that study was that an infrastructure corridor be created between Pakenham and Hastings.

**CHAIR**—Was that a parliamentary inquiry?

**Mr Ashworth**—No. It was a Commonwealth sponsored initiative where the combined Gippsland and southern New South Wales councils committed collectively to this transport—

**CHAIR**—Where would we get a copy of that?

**Mr Ashworth**—From us. It would probably be available from the Department of Transport and Regional Services in Canberra and the entity SEATS, the South East Australian Transport Strategy—

**CHAIR**—Have you got some spare copies of that?

**Mr Ashworth**—We could certainly get copies for you.

**CHAIR**—Could you make them available to the secretariat, please?

**Mr Ashworth**—Yes. I think that SEATS has made a submission in its own right to the committee in relation to Gippsland and southern New South Wales transport issues.

**CHAIR**—Yes. We keep coming back to this problem of what to do in relation to Dandenong into the city and then across to the western side of Melbourne and its various industrial areas. Have you had an input and output study done on the industrial areas in your city and its adjoining areas? We had evidence earlier that 35 per cent of the industry in Victoria will now be the area just to the south-east of Cardinia. It is not simply a matter of assuming that everything will go to export or that everything will go to domestic use in and around Melbourne. There is also the third leg of that stool, if we can call it that, which is the interstate dimension. Do you have input and output studies of what is manufactured in your area?

**Mr Ashworth**—Yes, we have.

**CHAIR**—Where does the bulk of your output go?

**Mr Ashworth**—The bulk of manufactured products is food based commodities such as dairy. There are several major dairy-processing facilities in central and south Gippsland, which are run by Murray Goulburn Cooperative and National Foods. Those products generally go for export. The paper products go to Melbourne and interstate destinations. Also, we should not ignore the inbound commodities. There is a very substantial inbound grain task into Gippsland, which will ultimately impact on the standardisation because most of the grain in Victoria originates in the north-west of the state.

**Ms Richards**—Fertiliser is another inbound freight task that is obviously very important for the Latrobe region as an agricultural centre. Construction materials are currently a developing sector for the Latrobe region, and that would be servicing the Melbourne market—it is sand, gravel and stone, basically.

**Ms HALL**—I have visited your area on a couple of occasions, and I know that you are a very proactive council and that you have made some big structural changes within your area, particularly in moving from electricity, which was such a big industry. It seems as though you are still being quite proactive and looking to the future. In your presentation you mentioned that you need support from government, could you expand on that for us?

**Mr Ashworth**—Yes. At the moment, in relation to the current 69-hectare site owned by the council we are negotiating with four or five rail based industries which would need to gain access to the land. The infrastructure costs relate to matters such as road head works, waste water drainage, hard stands, rail sidings et cetera. We are negotiating with the Gippsland Area Consultative Committee for some financial support under the Regional Partnerships program and also under the Victorian government's Regional Infrastructure Development Fund.

**Ms HALL**—So it is financial support that you were referring to.

**Mr Ashworth**—Yes. We are negotiating with both the state and the Commonwealth governments at the moment for one potential developer. The hardest thing in getting up these types of facilities is the first-cut infrastructure, because it is easier for others to follow once the key infrastructure is down. It is fairly hard for a council, even though we are quite a large one, to justify borrowing or getting involved as a developer in that sense.

**Ms HALL**—You also mentioned that you have an access regime that does not work, and you referred to that in your submission where it says that 'the result is an access regime that doesn't work.' What do you think are the short-term, medium-term and long-term steps that can be taken to address that?

**Mr Ashworth**—Because it is a state government issue, we are very hopeful that the new rail access legislation is bedded down and that the operations of the current below- and above-ground rail operator take into account those considerations and that there is a reasonable chance of independent third-party freight operators being able to compete for business in the Victorian intrastate network. In the medium and longer terms, I cannot really predict it. Maybe Anya might be able to.

**Ms Richards**—For a local government region such as Latrobe, which is trying to develop an intermodal terminal facility with some very strong freight task behind that facility, what the access regime does to impede that can be related to the access of the users of that facility to the rail line, unloading and loading. It would be a really poor outcome if a facility that has that economic reasoning is negatively impacted by the access regime that is to do really with the rail lines.

**Ms HALL**—Do you see any problem with the public-private ownership issues that surround the usage of the rail, and possible anticompetitive behaviour?

**Ms Richards**—As a consultant, I might try and keep this as modified as possible! To me, the issues relate more to ensuring that the economic environment is as favourable to such a terminal as possible. I am not sure if it currently does it as well as possible. For me and my interaction with Latrobe, I feel that it is more about a greater sense of planning and coordination, particularly between local and state governments, in how they deal with issues such as rail access and public transport verses freight transport on rail. It seems to bring some significant issues.

**Ms HALL**—In the section of your submission titled ‘The role of government and the private sector’, you say:

The role of the three levels of Government and the private sector in providing and maintaining the regional transport network is currently complex and allows for significant inefficiencies.

How do you see that this can be addressed to better benefit the Latrobe area?

**Ms Richards**—I think the interaction is significantly about the local and state level, given the current divisions of power. What Latrobe’s experience brings about is some consideration of how a state government prioritises regional investment, particularly—

**Ms HALL**—Can you understand why I am asking this question, how it fits in with the terms of reference and how important it is for our overall deliberations?

**Ms Richards**—Yes. At a state government level, one of the important issues is to make sure that their investment in regional transport connections to the ports et cetera is done on an equitable basis, whereby encouragement is made for regions such as Latrobe that perhaps do not currently have increasing economic development compared to other areas, such as Bendigo and Ballarat. Otherwise, it can be a self-fulfilling prophecy: if you do not invest in the rail infrastructure or the road infrastructure or transport infrastructure in general, in some areas it can actually lead them to be a cul-de-sac, for want of a better word—a road to nowhere. There are also significant issues regarding state government planning considerations in terms of land allocations et cetera and how they interact with the local governments in terms of economic development opportunities as well.

**Ms HALL**—Does that relate to the statement in your submission that you see the public sector with more a facilitating role than an actual hands-on role?

**Mr Ashworth**—It is fair to say that the city certainly does not see itself as a developer. The city took a strategic decision to purchase rail service land that is extremely rare because most of the industrial land near railway lines between Melbourne and the Latrobe Valley has now been developed for commercial or residential uses. We really saw it as the last deal of the pack to get this land secured. It is not the city’s intention to be involved as the actual developer of the land, rather as a proactive supporter and in getting together the various parties, some of whom are in the private sector as the actual mover of the goods, the state government—which has a role in the rail access regime and infrastructure support—and the actual private sector rail freight providers themselves. We just see ourselves as making the thing work, and I have to say it has not been particularly easy over the last few years.

**Ms HALL**—I noted that between the lines of your report. You also emphasise in your conclusion that you see that the role of government is to be proactive in improving export competitiveness and that there is a need for the intermodal terminal. What recommendation would you make to this committee to make it easier for these intermodal terminals to become operational, and particularly what other intermodal terminals would you see as relevant to your local government area?

**Mr Ashworth**—It is really a matter of recognising that it costs to develop infrastructure. It is comparatively expensive, but if you think of the volumes of freight which are being moved and if they are not going on rail they are going on road; and then there is the damage to road pavement, the amenity for other users and the environment. I have not said much about the environment but Latrobe City Council certainly regards the intermodal freight terminal as an environmentally friendly development in an area which already has a very high national and international focus on its greenhouse gases from the brown coal industry—but that is the way we see things.

Regarding the other parts of Gippsland, I do not know whether many of you are familiar with the region, but it is actually hemmed in to the north by the Great Dividing Range and to the south by the Strzelecki Ranges and Bass Strait. The Princes Highway east is a fairly narrow, circuitous route which still requires more passing lanes in order to give connectivity through to Bega and other areas. But we would see east Gippsland, particularly Bairnsdale—the Victorian government recently reinstated the passenger rail services to Bairnsdale—as an ideal site for a complementary intermodal terminal, and we would see that as quite compatible with our aims here. In terms of south Gippsland the terminal has previously handled freight from south Gippsland to Morwell. The Victorian government is currently contemplating reopening another line to the south to Leongatha. That is being predicated on potential large movements of sand. I cannot say where those negotiations are up to at the moment but that line is apparently meant to be predominantly a passenger route. But I think Bairnsdale would be extremely complementary.

**Ms HALL**—So basically you would like the Victorian government to be more proactive within your area. What about the federal government—do you want them to be more proactive and to do more in your area too?

**Mr Ashworth**—We would. The federal government, as I understand it, does not have line responsibilities for intermodal terminals themselves but they certainly do with ports. That is something again that Anya might be able to add a few words to.

**Ms Richards**—I believe the Department of Transport and Regional Services is currently undertaking studies about the role of intermodal terminals in the AusLink context, and I think that is a good step. We need to know how these terminals fit in because they have significant issues relating to the capacity of our current infrastructure, being the ports. Using intermodal terminals increases the capacity of the ports when they are done properly, and there are significant issues about whether they are done properly. Robert was right in saying that what local government needs from the Commonwealth is guidance and a clear investment framework going forward about the priorities from the Commonwealth perspective, particularly in the ports and the road and rail infrastructure.

**Ms HALL**—And council's role?

**Ms Richards**—Is that facilitative role and making sure that their exports are as competitive as possible.

**Mr Ashworth**—Council's involvement in the internodal freight terminal began after the amalgamation of Victorian councils in 1994, when the then Latrobe Shire Council commissioned a study by Boston Partners to look at investment opportunities in the Latrobe Valley. One thing that came out of the consultation with existing industry and potential entrants to the Latrobe Valley was the lack of a container-handling facility in the Latrobe Valley. At the moment there is no container-handling facility east of Melbourne, with the exception of the PaperlinX mill, which is of a size that allows it to run its own container-handling facility at the paper mill, but that is only for its own internal products. Everything else has to go by road because there is physically no alternative.

**Ms HALL**—Thank you.

**Ms BIRD**—After listening to what you have had to say, I am interested to reflect something back to you and have you comment on it. Part of what we are struggling with is the three-tiered government issue. The committee is very keen to find ways in which the federal government can facilitate without taking on responsibilities that are not its. We are hearing from a lot of councils coming to this committee that, situated as they are, councils are the first place in which alarm bells ring regarding problems of movement, whether that is population competing with freight or job downturns in industry and the pressure that is put on councils to sustain their areas. Yet, in responding to those, the outcomes are very rarely ones that councils are designed to deliver, so they then go to state and federal governments to try to alert them to what they are dealing with.

I am interested to know what your perspective is. From a federal level, in many of the sorts of things that councils talk about the federal government has not really had a role because the issues are about planning and so forth. But we talk about export and the national economy, which live and die on those very things. I would be interested to know if you have some concepts or ideas about ways in which the federal government could help, other than by having a bucket of money which every now and then allows them to say, 'Here's a bit of money to help you out with that solution.' Are there other aspects to it that have occurred to you that the federal government could assist with?

**Mr Ashworth**—I have to declare an interest here, because I am a member of the Gippsland Area Consultative Committee as well as having council involvement. The Gippsland Area Consultative Committee looks after the Gippsland region, east of about Pakenham to the New South Wales border. It includes all the coastal areas and has a population of about 240,000 people. The GACC has been quite proactive in sponsoring the sort of discussion we are having at the moment. We are looking at community capacity building and infrastructure development in the region. That is an independent association of well-intentioned members from the private sector and public sector which is sponsored and paid for by the Commonwealth. That seems to me to be a very good conduit back to the Commonwealth from people who volunteer their time in the regions to give that sort of feedback about what the regions are thinking. From my perspective, I maintain my involvement in the GACC for that very reason.

**Ms BIRD**—Do you think they are well enough resourced, or is there further capacity that those consultative committees could take on that they are not taking on?



**Mr Ashworth**—They are fairly lean and mean entities. The GACC has a small core staff of two or three people, with project people brought in as opportunities arise, but I think it is functioning quite well. We would be more than happy to make an introduction at some stage. I note, having had a look at the committee's submissions, that you did receive some from some of the interstate ACCs as well. That was interesting, because I note that what came out of them were very similar considerations to what we are thinking about. It is good to know that it is not just us.

**Ms BIRD**—I have experience of an ACC in my own area and I would agree entirely with what you are saying. But it appears to me that they are very much tied up with small—well, to be fair, medium-sized—issues and suggestions. They are well-placed to outline what the big issues are for a region, but there seem to be few places to go—state or federal—to get those resolved, until state or federal governments themselves set it as a priority.

**Mr Ashworth**—That is right. One of our experiences in investment attraction is that, generally, unless local government runs with an opportunity, things are often disbanded unless we keep raising the consciousness of the state and federal investment agencies concerned. Often these types of developments, such as the one we are negotiating now for the Gippsland logistics terminal, have a gestation period of years, and it is just a very slow chipping away. All the policy issues we have had to deal with over the last few years with the rail access regime, transfers of operators and regional fast rail coming in has made it a very difficult row to hoe. As I said in my initial presentation, major investors are not particularly patient people; they want results fast. It is quite easy for a major manufacturer to get on the phone and get a fleet of trucks organised very rapidly, but for a rail based development the gestation period can be months and years. It is very difficult. Anya might like to add some thoughts to what I have just said.

**Ms Richards**—Going back to your original question, Ms Bird, my thoughts are that I would like to see the Commonwealth have a more national role in ensuring that regions within a state are treated on an equitable basis in their investment allocation and support. I see that working more at the Commonwealth level because they can look across the whole nation and see where the problems lie in terms of a state government's investment facilitation role. I do not think I can add much more than that.

**Ms BIRD**—Thank you. I am conscious that ACCs tend to be more of a funding conduit for established programs down and perhaps have a better role in feedback up for prioritising.

**Mr Ashworth**—Also, ACCs are really only as good as the opportunities they project externally. In the case of the Gippsland ACC we have made a conscious effort over recent years to look at those big-ticket issues and to work out where the region is heading, because it has gone through a period of fairly significant structural change over the last 10 years with the restructure of the electricity industry in the Latrobe Valley, which lost us about 6,000 jobs in the 1990s, the restructure of the dairy industry and the decline in the timber industry. So there have been a lot of issues to work through. At the western end of the area, closer to Melbourne, there is the impact of increasing metropolitan development taking prime farming land, and so there are a range of issues that are pressing on us.

**Mr McARTHUR**—I want to continue the argument of the standardisation of rail and the broad gauge. I note you say in your submission that 'the long-term retention of the broad gauge

is significant for the city and the competitiveness of the economy'. You go on to say that 'with more interstate lines converting to standard gauge, the rolling stock investment priority for rail companies will be firmly focused on standard gauge'. You have made quite an emphasis on this problem. Would you give us your assessment of how you would bring about a policy change in this area, given that it is happening in other parts of Victoria?

**Mr Ashworth**—It is very difficult for Gippsland because, as I mentioned earlier, to get from Melbourne to the Latrobe Valley you have to go across about 80 kilometres of Melbourne, so you are going through the longest suburban electrified line. The rail network is shared with a very substantial number of suburban carriages, which are all broad gauge and, as I understand it, not gauge convertible. The issue really is the planning for a third track between Caulfield and Dandenong, and I understand that the Victorian government in its most recent budget allocated funding to do engineering and technical assessments of what is required to get that third track going.

**Mr McARTHUR**—Do you mean between Dandenong and Melbourne?

**Mr Ashworth**—No, I mean between Dandenong and Caulfield. There is already a third track between Melbourne and Caulfield. All we can really ask for at the moment is that the current planning bear in mind the standard gauge capacity because, clearly, it will be a significantly expensive exercise to bring in infrastructure in such a densely populated and developed area. I got the train down from Traralgon this morning and I could see first-hand that there is a long way to go in the planning and land acquisition stages before anything can happen. We would have thought the land acquisition just as important as the question of the standard gauge itself.

**Mr McARTHUR**—And how long did it take you by train compared to by car?

**Mr Ashworth**—It was pretty good actually: two hours and 10 minutes in the train.

**Mr McARTHUR**—And in the car?

**Mr Ashworth**—It depends on the run, but probably two and a half hours. It is a pretty good service from Latrobe Valley to Melbourne.

**Ms Richards**—Was your question about standardisation and what ways a Latrobe City Council or Gippsland as a region can put forward their side of the story in such a policy debate?

**Mr McARTHUR**—I am saying that, with the standardisation taking place in the northern part of the state with the wheat lines, you might be left behind to become the poor relation.

**Ms Richards**—That is one of their major concerns at Latrobe and Gippsland. What they have done so far to put their voice out there is undertake a transport infrastructure priority study for the whole of Gippsland which has put standardisation at the top. That was funded by the South East Australian Transport Strategy Inc., SEATS, as well as by the GLGN, the Gippsland Local Government Network. They are using that as a document to lobby the state and federal governments. They are raising their ability to have the same debates with the Victorian government and federal government by using the same tools. They are just in the process of setting up a transport industry working group to replicate similar models.

**Mr McARTHUR**—What is your position? In 30 seconds, give me your position on why you should standardise the gauge to Gippsland.

**Ms Richards**—Because without it will you will isolate the whole eastern part of Victoria in terms of export commodities.

**Mr McARTHUR**—Unless you standardise it?

**Ms Richards**—Yes.

**Mr McARTHUR**—In your submission you talk about the standard conversion of the fast rail track. They didn't provide alternatives on the sleepers for standard gauge. Could you give us an indication of why any government would be as stupid as that?

**Mr Ashworth**—No, we cannot.

**Mr McARTHUR**—What did it cost?

**Mr Ashworth**—Gippsland made a collective submission to the state government which very strongly argued that point: for the sleepers to be made gauge convertible on all the four major rail corridors to Geelong, Ballarat, Bendigo and Latrobe. Unfortunately, that was not the case.

**Mr McARTHUR**—Do you know what the figure involved was?

**Mr Ashworth**—Apparently the figure for the manufactured sleepers was fairly nominal. It was only some tens of dollars per sleeper extra. It was not a huge amount in the overall scheme of things.

**Mr McARTHUR**—So it means that the standard gauges to Geelong, Ballarat, Bendigo and Gippsland have been set back because of that one decision?

**Mr Ashworth**—Yes, apparently.

**Mr McARTHUR**—So you would have to pull all the concrete sleepers up to standardise the line?

**Mr Ashworth**—In the case of the Latrobe Valley, which has a double track line, there was only one line upgraded for fast rail. The downline, which is the north line, was not upgraded. That is timber, so it still could be converted to standard gauge.

**Mr HAASE**—Going back to your GIFT, given that we are debating the role of government in such internodal freight terminal provision, is it the role of government to create it? We have spoken about privatising rail movement, and about the American experience, which from day one was always private enterprise and market driven. If there is a need for an internodal terminal in your area, is that not something that a private organisation would clamour for with Latrobe council to allow them to create? Why not let market forces drive it? For the record, what is your opinion on that?

**Ms Richards**—My opinion of why intermodal terminals in all regional areas face this difficulty—it is not particular to Latrobe; I am sure you have heard about it across all your consultations—is the investment scenario that these terminals face. It is a significant initial investment by whoever the investor is and the return on that is very long term. It does not stack up totally for a private sector operator—the rate of return would be too low. However, why intermodal terminals remain important in the government context is the externalities that they help to alleviate—the road maintenance costs and the environmental issues that are putting more of the freight task on rail is why there is a real economic role for government in these things. There is a role in both facilitation and the start-up of investment funds to bring people together.

I am not advocating that every regional area should have an intermodal terminal—there is a lot of noise out there about the importance of every regional area having a terminal because they bring about a lot of economic activity. However, I do think there is a role for government in strategically placed intermodal terminals to improve the capacity of the infrastructure that we already have—the rail lines and ports that these terminals would service—and the logistics outcomes and export competitiveness where there is a growing container freight task in particular. Does that answer your question?

**Mr HAASE**—It is well answered, thank you.

**CHAIR**—I take you back now to this idea of this rail lane that you want to develop. You say that you have applied for an ACC grant. Of what magnitude?

**Mr Ashworth**—It has not yet been fully costed. It would be in the order of some millions.

**CHAIR**—It that for both study and development?

**Mr Ashworth**—It is for physical infrastructure in relation to the head works which include internal road connections—

**CHAIR**—Would the council be contributing to this, as well?

**Mr Ashworth**—Yes.

**CHAIR**—You would have a tripartite arrangement.

**Mr Ashworth**—Yes.

**CHAIR**—You would start developing the rail links into that area?

**Mr Ashworth**—Yes. The rail links are already there—they already immediately adjoin the subject site. It is merely a matter of putting in a private railway siding to service the site. We have currently got an independent track design consultant doing designs for the siding and working out the potential options.

**CHAIR**—That would then feed in immediately to the existing East Gippsland line.

**Mr Ashworth**—Yes.

**CHAIR**—Is it a dual line to Bairnsdale?

**Mr Ashworth**—No, it is a single track beyond Moe. Moe to Morwell, Traralgon, Bairnsdale is a single track broad gauge line which is currently used for two passenger trains a day and haulage of logs for export from Geelong.

**CHAIR**—If you were to convert that to standard gauge then presumably you would have to put a standard gauge passenger service in as well.

**Mr Ashworth**—Yes, passenger services would then be standard gauge.

**CHAIR**—You would need an XPT type train.

**Mr Ashworth**—The Victorian velocity trains are coming into service, I understand, later this year or early next year. I understand they are capable of being converted. Anya might correct me on that.

**Ms Richards**—I believe that is the case. I have not heard that that is a significant investment issue for them.

**CHAIR**—What is running through my mind is what achieves the best thing for that eastern side of Victoria. Is it better to get any connection to Hastings and into Melbourne or is it better to wait for standard gauge further down the track?

**Mr Ashworth**—One of the issues is that Hastings has substantial infrastructure requirements as well as having a new railway line built there. It does not have container handling facilities. The Victorian government's ports agenda, which was released last December, prioritised Hastings as a future container site but it did not actually put a time—

**Ms Richards**—No; it depends on the capacity of the Port of Melbourne, but I think that it is an important note in planning—at least it is planning forward. I agree with you, Paul, that it will be important to make sure that kind of activity is there and in place, because throughout this conversation we have already discussed the lead times involved, particularly in rail. In answer to your question about standardising the rail or making sure that you make the connection to Hastings as efficient as possible, it is an interesting question. Gippsland—and particularly Latrobe—have been pushing for standardisation for such a long time that you almost think it will not happen. They have put up quite strong arguments about why this should have occurred at many points in the development of rail infrastructure. A second-best option is to make sure you get Hastings right. But I think the best outcome would come from standardisation. Robert, would you agree?

**Mr Ashworth**—I would agree. It is interesting to note that in the late 1940s the Victorian government seriously considered standardising the whole network, to the extent of actually programming it to happen. I suppose it is a matter of regret now that that never happened.

**CHAIR**—Thank you for a very thorough submission—and a well argued one, too, both from council and its consultant. We trust we can come back to you if we require further information on this.

**Mr Ashworth**—Absolutely.

**CHAIR**—We will be sending you a transcript of today's proceedings for you to check for accuracy. Thank you again.

[12.02 pm]

**GILLHAM, Ms Angela, Manager, Maritime Environment, Australian Shipowners Association**

**PAYNE, Mr Lachlan, Chief Executive, Australian Shipowners Association**

**CHAIR**—I welcome to the table representatives of the Australian Shipowners Association. Thank you for coming today. We will not be requiring you to give evidence on oath, but I have to caution all witnesses that these are proceedings of the federal parliament and should be treated with the same respect as proceedings of the House. It is customary to caution all witnesses that the giving of false and misleading evidence is a serious matter, and could be considered a contempt of parliament. Are you going to lead, Mr Payne?

**Mr Payne**—Yes.

**CHAIR**—Would you like to give us an overview of your submission and, Ms Gillham, you may want to add something after that. Then I would like to go into interaction with my colleagues.

**Mr Payne**—We welcome the opportunity to make a submission to your inquiry. The interaction of regional road and rail networks and their connectivity to ports is an issue that we saw shipping as being a little tangential to. It is obviously not one of those land transport modes that is at the core of your considerations. But we did see an opportunity to do two things. One was to inform your committee of the issues that are confronting shipping in this country, at least to the extent that they had some bearing on the subject of the inquiry. Secondly, I make no apology for taking an opportunity to highlight the fact that we see sea transport as one of the domestic transport modes in this country, notwithstanding the fact that we often find that road and rail tend to be the predominant and most commonly considered transport modes of Australia, which is not surprising, given the nature of our geography. But, given the nature of our geography, we think it is surprising that sea transport is not more to the fore.

As to the submission itself, we took the opportunity to highlight the fact that, whereas AusLink—that initiative of the government, which we say is an excellent one—had been confined to road and rail, it has been recently extended to ports and, I think, channels, which is good, but as far as we are aware it does not directly go to the issue of shipping.

Shipping performs 28 per cent of the non-urban freight task in tonne kilometre terms, but it is often absent from policy considerations. As I said, we are seeking to take opportunities to introduce shipping into the transport logistics framework discussion. We sought to highlight the patterns of domestic shipping in our submission and to show the importance of long-distance intrastate and interstate freight movements by sea. A key point is that the facilitation of such movements by sea minimises infrastructure costs in such trades. In fact, when I was reviewing our submission, something so obvious that I had not noted it before suddenly occurred to me: the trades in which sea transport is to the fore are often trades where there is no infrastructure. In a sense, that is why sea is performing that task—because there is no infrastructure on the land

other than, obviously, at the port terminals, whereas, of course, in all the other trades there is a road or rail link that we all know about.

We highlighted the movement of general containerised cargo volumes being moved in foreign vessels utilising permits issued under the Navigation Act. I want to emphasise that we are not critical of the concept of the permit system, but we do want to comment—and have commented both publicly and in our submission here—on the legislative impact that the Navigation Act has on Australian shipping versus foreign shipping operating under that act. We referred to the public funding questions applicable to road and rail transport vis-a-vis shipping. Again, we are not critical or really setting out to comment on the appropriateness of that, but only on the contrast between the position of land transport modes versus shipping.

We also made comment on some other issues, most notably the environmental impact of shipping versus that of land transport modes. We attached a paper, which my colleague can comment on, which sought to go into some detail on that question. It is one that is not widely recognised or publicised. The reason we produced that paper was to draw attention to what we think is a very significant issue in that regard. We also, of course, referred to the infrastructure issues in shipping, in contrast to those applying in land transport.

Our submission can be summarised by saying that the Australian shipping represented by this association asserts that policies and measures should be aimed at ensuring that a commercially sensible, stable and predictable legislative regime is applied to all shipping servicing Australia's domestic freight task; that legislation applicable to shipping operations and seagoing employment should be consistent with measures—including those relating to treatment of capital and taxation—applicable to other transport modes; and that allocation of freight to a transport mode should be determined by service, cost efficiency and environmental considerations and should not be influenced by a reluctance, because of regulatory uncertainty, to invest in what might otherwise be a more efficient transport mode. Finally, we submit that all transport modes should form a total transport package for Australia and should be the subject of a consolidated transport policy framework, not a framework that tends to concentrate on the land transport modes. That is the thrust of our submission; I would be delighted to take questions on it.

**CHAIR**—Do you want to add anything, Ms Gillham?

**Ms Gillham**—The attachment to our submission speaks generally about the division of the freight task between shipping, road and rail, with shipping having 28 per cent of the freight task and only emitting 2 per cent of the total emissions of the transport sector. The paper goes on to make a very brief analysis of the age profile of Australian vessels as compared to those in the world fleet and discusses very briefly the potential for further improvements in lowering the levels of emissions with investment in new freight tonnage.

**CHAIR**—You are right, Mr Payne, that your submission is a little tangential. I invite you to give us a supplementary submission. We are looking, in broad terms, outwards on this thing. We are looking at the arterial road and rail systems of Australia and their connectivity to the ports. So far in the inquiry the bulk of the submissions have looked at getting products out of Australia—and that has been our own modus operandi. We have not looked at getting products into Australia and getting them into one state from another state. I think you could be very



helpful to us because some of the issues that impact on the efficient use of our ports will apply equally to shipping coming in and shipping going out.

I refer you to both Mackay and Gladstone, where the debate is coming up now about the widening of the channel so that all sorts of vessels can sail on various tides. Obviously, with passing lanes—or the equivalent thereof—shipping can come in and out of the port at the same time. Indeed, as of last week that debate has been raging in Melbourne as well. So I really would like you to come back to us with your view on the efficiency of the ports, because efficiencies apply equally to imports and exports. In the channel debate the effects will impact on both domestic shipping and international shipping. I would like to make that point.

If the connectivity from our ports to their hinterlands is not up to scratch—and we have seen evidence, in relation to bringing products into port, that that is not the case—we would be interested to know where your customers are having trouble getting freight from the ports into the hinterland, because there is a fair risk that, if there is some sort of bottleneck or lack of infrastructure there, it is impacting in the reverse mode as well. Do you have any comment on that, as a starting point?

**Mr Payne**—Yes, I have a couple of points I would like to make. One is that shipping is involved in this country in import and export. They are the obvious things. You only have to stand and watch what goes on at Port Phillip Bay for 20 minutes and you will see a ship go past doing that.

**CHAIR**—Even in an interstate mode as well?

**Mr Payne**—Exactly. If you stood there and watched for long enough, or indeed if you went to Gladstone, which you mentioned, you would see a passing parade of vessels whose job is not to import into this country or export from this country but to carry into that port raw materials for processing into export commodities. That is a really central issue, and it is a very big shipping task indeed.

**CHAIR**—The bauxite aluminium thing?

**Mr Payne**—Precisely. That is one of a range of such trades. The second point follows from that. I should inform the committee that our members fall into two camps—not always one or the other; sometimes both. Many of our members are supply chain operators. In other words, in the course of their business they operate ships carrying, as in the case of Queensland Alumina Ltd, bauxite—to facilitate the production of aluminium—or other intermediate products for processing in other places. Members in the second group are in shipping as transport operators. They need to fill their ships up, just like road and rail operators do, in order to generate a return on investment in the capital that they have tied up. However, our members have a single common characteristic about them: in operating, managing and owning ships, they are providers of capital in a highly capital intensive industry. That covers a very wide range of commercial activity within that narrow sector of shipping.

We would be happy to come back to you on the ports question, but I should say that our members tend to be concerned about the ships and their operation rather than necessarily the distribution of cargo into the hinterland or the catchment represented by a port from the

hinterland of a port—hence our name, ‘the Shipowners Association’. The aspect of our members’ activities that we thought you might be interested in related more to the opportunities that shipping could have in this country—as opposed to what it is experiencing in this country—and the benefits for the community that could flow from those.

A second-grade child at primary school will know roughly what a map of Australia looks like, and they will know that shipping is not always a practicable transport mode. The member for Kalgoorlie would be the first to agree that shipping is not much good to an inland place like that. But it is good in delivering a much more fuel efficient, environmentally friendly and virtually no-infrastructure cost service in a whole range of trades.

**CHAIR**—Notwithstanding that, we would be interested in your view on the efficiency of the ports, because we have to report on that.

**Mr Payne**—Yes, and we will proffer one.

**Ms BIRD**—I found your submission very interesting. I come from Wollongong, so we have Port Kembla. We are hearing in different places that there are in effect underutilised ports that, because they are not connected to the hinterlands, do not get maximum use. Indeed, we hear that in Queensland when a rail line goes down, or there is a derailment or something it is physically not possible to then move into another port. It struck me, reading your submission, that sometimes we do not ask why we cannot take it from one port to another in terms of movement and maximising the usage of ports. That more domestic based movement between ports is something that we do not often think about.

There may be reasons for that. I do not know. I do not know about the cost efficiencies of transporting by sea. All cars that are imported are brought into Sydney. They are then put on trucks to be taken down to the south of New South Wales. Why can’t we put them on a boat and take them to a port and then truck them from there? There are some issues about moving things in and out of cities. It used to happen. In the coal areas you had all the little wharves and bays—and coastal shipping was a major mover of supplies. Could you outline for me the realities regarding the cost effect of that sort of system? Is it realistic to look at ship owners running a service that is not permanent but runs on need and on demand? Is that viable?

**Mr Payne**—The answer to your question starts from the cargo handling aspect. The members that we represent are characterised by the fact that they move very large volumes of cargo—freight as it is called in the road industry; oddly, we call it cargo. They move very large volumes and they require specialised handling capabilities at each end. Often, their cargo is delivered straight into a plant or a refinery—in the cases of QAL, the steelworks in Port Kembla and CSR down here at Yarraville, for example. For that reason, they tend to be reasonably fixed in their core trade.

One thing that happens is that ships, much as ship owners would like them to be, are not fully utilised all the time. So ships—when they are going to pick up more cargo, if it is a regular trade, or at other times in their trading pattern—will seek to pick up cargo to supplement their revenues. It is during that stage in their voyaging pattern that they look out for cargo to supplement their income. There is a flexibility in shipping that is surprising in those circumstances. What tends to happen, though—in the case of Australian ships at least—is that it

can be difficult to pick up those one-off cargoes, because there are relatively few Australian ships. There are a lot of those one-off cargoes moving around the place but not many Australian ships to carry them.

There is a system under the Navigation Act called a single voyage permit system, which allows for a shipper—that is, the person who owns the cargo—to obtain the services of a ship other than a licensed ship under the Navigation Act. They will usually access foreign shipping to carry those one-off cargoes. That flexibility does not often present itself to Australian operators. Because of the relatively few ships now, they tend to find it hard to access those one-off cargoes. The information we have—and I am perhaps coming to the answer of your question—is that there are a lot of those one-off cargoes moving around.

**Ms HALL**—How often are those SVPs reissued to the same ship owner?

**Mr Payne**—There is the distinction—

**Ms HALL**—There are CVPs and—

**Mr Payne**—The CVPs tend to get reissued a lot. We do not see the information on SVPs—single voyage permits—so we do not know if ships are issued them over and over again but separately.

**Ms HALL**—Can you find that out?

**Mr Payne**—No, but I have included some information in the submission about the continuing voyage permits. On the way here from the office, we saw a ship that is on our list of continuing voyage permit vessels disappearing down Port Phillip Bay. That is a slightly different situation. The thing that I thought was interesting about the continuing voyage permit analysis we did—and that analysis is ongoing, by the way; I have updated numbers, if they are of any interest to you—was that the ships that use these permits are overwhelmingly general cargo ships. They are mostly container ships and to some extent they are just general cargo ships. Under the permit system the longest successive permit period that we have now established is, in fact, 32 months. That is the record holder at the moment. I emphasise that we are not here to comment on whether that is right, wrong or indifferent, but I think it is interesting to note that there are foreign ships able to trade in Australia as part of their trading patterns for approaching three years. The interesting thing about that, of course, is that under the Navigation Act they are regarded as ‘operating in the coastal trades’, whereas Australian ships that operate under the Navigation Act and are licensed and imported into Australia are known to be ‘engaging in the coasting trade’. That is a semantic distinction that makes a world of commercial difference.

**Ms BIRD**—The people you represent would be moving, for example, their products from Western Australia around to Queensland for processing. We had an interesting discussion in Queensland about why they would base themselves there. They argued pretty convincingly that it is a more viable option for them to be based there and transport the product. At the moment, that is done by shipping. Is that viable financially? Is there not pressure to, say, put in a dedicated land connection in the same way as the east coast land connection that we are talking about? If shipping is the more viable option, do you have any comment on the eastern seaboard and the viability of moving goods by sea rather than putting in a new inland rail system?

**Mr Payne**—I do have a comment on that. I would not comment on whether the generation of more sea transport would replace the need for a more efficient railway network—I do not think it would, because there is such a complex series of inland destinations, and freight-sourcing logistics exercises would have to be met. So my first point is that they are certainly not mutually exclusive. My second point is that we have had incidents where operators have said to us that they would commence interstate general cargo services by sea were it not for two things. One is the uncertainty that surrounds them finding that the cargo they would otherwise carry is shifted onto foreign ships, which operate at a much lower cost than Australian ships because of the legislation that Australians are required to operate under and that the Navigation Act permit system allows the foreign operator not to operate under.

The second point they made was, in one case particularly, about an inability to find berths in Sydney. It comes back to a point you made earlier: why couldn't there be some interconnectivity between adjacent ports? I asked this man: if you cannot get into Sydney, why wouldn't you go to Newcastle or Port Kembla and transfer the cargo by road? The answer in that case was that the concentration of the cargo in the Sydney area rendered the alternative of going by land from one of those adjacent ports unviable. So it was necessary to get the vessel into Sydney. I do not know where that proposal is up to, but the point I want to illustrate, using that example, is that there are people out there who always seem to be looking at opportunities to get vessels into these trades. What always seems to happen is that they get frustrated in their efforts by something or other.

**Ms BIRD**—And, by the sound of it, often by what is happening post delivery. You could take the cargo to Port Kembla or Newcastle, but the road inefficiencies and costs would make that a choice they would not make for the cargo.

**Mr Payne**—As I understand it, that is correct, because they would be quoting a door-to-door freight rate which would include those land costs which, when loaded onto the shipping costs, make it unviable, apparently.

**Mr McARTHUR**—Why do you think shipping has lost its percentage share of the transport mode in Australia in recent times?

**Mr Payne**—There are a number of answers to that. One is that the volume of cargo has diminished to some extent. There have been closures—for example, the closure of the steelworks in Newcastle, which altered quite substantially the requirement for iron ore to be carried around the coast. So there have been structural changes. We sometimes wonder whether shipping is a forgotten transport mode. We wonder whether, because it is on the other side of the beach, it is just not in people's consciousness. Also, if you stand on the Hume Highway at two o'clock tomorrow morning—and we have all had the experience of being in a place like that; not necessarily standing beside it, but at least being in a car—you will see that the highways turn into hugely heavily trafficked routes for land transport, which is fair enough. Presumably, it is economic and presumably it is viable. It is not my decision to make. But the reason I mention that is that I think a lot of the cargo that was carried by sea has probably gravitated on to road because of perceptions about sea.

The former Minister for Transport and Regional Services, John Anderson, used what I thought was a very good term in a session I had with him on one occasion where he talked about 'rusted on' perceptions about sea transport, which I thought was a particularly apposite and colourful

term. There are perceptions. I think some of them have caused cargo not to go by sea. Another issue is that there is a great deal of policy confusion about how sea transport works in this country. It is very likely there are circumstances where investment decisions that could result in sea transport being developed as an alternative to road or rail are not developed, as a result of 'sea is all too hard'. There is no framework that surrounds it.

There used to be a perception that the stevedoring industry created some impenetrable barrier. I think those perceptions have now gone. Sea has lost its market share, firstly because of the reduction in cargo moving in great volume over a long distance, to some extent. So there is a structural issue. I think there is a perception issue where it is thought to be easier by road or rail—and in some circumstances it is, where it is delivered door to door.

**Mr McARTHUR**—What about the reforms on the waterfront that have made it more efficient to move cargo through the waterfront than was formerly the case? Surely that would have been an advantage to the shipping industry?

**Mr Payne**—It is, it has been and it will be. One of the points that we try to make is that sea transport of course is much more than general cargo. In fact, sea transport moving around Australia is much more bulk cargo than general cargo—that is, containers and traffic that go through what we think of as the stevedoring terminals. Apart from Tasmania, I am not aware of any dedicated stevedoring terminals that are established for the purpose of interstate sea freight movements. That is the only place. The advent of these continuing voyage permits has seen an upsurge of general cargo moving in these foreign ships around Australia, within the Australian transport system. But, by the time the use of those permits started to blossom, there were few, if any, Australian ships carrying interstate general cargo, except in Bass Strait and, notably, Western Australia.

**CHAIR**—Doesn't that create opportunity for Australian companies, or even overseas companies operating in Australia, to create a coastal shipping component?

**Mr Payne**—It would, except that because you are Australian you are rendered uncompetitive. That is really the heart of the problem. The heart of the problem stems from the fact that if you can operate under a permit, your ship is not imported under the Customs Act. You are therefore able, under the Migration Act, to employ foreign labour at much cheaper cost than employing Australians, so you are not subject to the Workplace Relations Act. You are not up for additional costs for seafarers compensation, because you now fall under part II of the Navigation Act. You are not up for additional OH&S costs for the same reason. So, by being a foreigner, you avoid being subject to Australian legislation which imposes various tiers of costs on the Australian that the foreign operator does not have to labour under.

**Ms HALL**—Would your members like to operate under the same conditions as foreign operators, or do you believe the foreign operators should operate under the same conditions as you?

**Mr Payne**—That is an excellent question, if you do not mind me saying so. It really goes to the heart of the issue. The philosophical question is: would Australians like to see the foreign guys brought up to their cost level or would the Australians like to be able to operate at the foreign cost level? I am going to be predictably vague and say that the answer is somewhere in

between. There is an issue going through the Australian Industrial Relations Commission at the moment—which does not involve one of our members—which will go a long way towards determining the answer to that question. I will not take you through the technicalities of what is happening in that place.

**Ms HALL**—No, please do.

**Mr Payne**—Are you sure?

**CHAIR**—Perhaps if you could just touch on the highlights of the case.

**Mr Payne**—It is enough to say that an operator has been operating vessels on these permits. There was a view taken by the maritime unions that the crews on those ships, who are foreigners, ought to be subject to Australian terms and conditions of employment. The question became: does the Industrial Relations Commission have jurisdiction to decide whether or not that should be the case? The commission decided it does. The employer did not agree with that and took it to the High Court. The High Court said it does. The issue that is before the Industrial Relations Commission now is, effectively: what terms and conditions of employment established by an Australian industrial tribunal would apply to maritime employees in those ships? Maritime employees is a term that does not necessarily have to recognise nationality. I think the outcome of that—if it keeps going ahead—will probably give a guide as to what the answer to your question is. In other words, at which end of that spectrum, of Australian cost on the one hand and foreign cost on the other, would the cost structure settle? The foreign labour cost structure can be very cheap indeed if people go to the trouble of sourcing labour in the right place.

**CHAIR**—Don't you think that at times labour on foreign shipping—on any shipping for that matter—is somewhat exaggerated in the modern context? I have a brother-in-law who has been a merchant sailor, and when he first went to sea there would be maybe 40 or 50 people on these vessels, whereas today there might be 10 or 12. When you take away from that the officer corps that you have got to have on a vessel anyhow, and they have got to be trained to an international standard, there are not a lot of non-tradesman employees on the vessels—or not nearly the number that there were, say, 30 or 40 years ago. Don't you think this labour cost thing is somewhat exaggerated in the modern context?

**Mr Payne**—The labour cost component tends to be highlighted because it is the one cost area that an operator can do something about. The capital cost, the cost of the ship in the first place, the cost of fuel, the cost of insurance and the cost of stores are pretty much common across the board. Everybody can buy those products and services in the international marketplace. One lever that can be adjusted, if you like, is the labour cost lever. You are quite right in saying that the number of people on Australian ships has been slashed from, as you say, 40 and 50 people decades ago to about 16 now. It is not fixed anymore. It used to be fixed through industrial—

**CHAIR**—It would depend on the amount of automation or bulk commodity carried on that particular ship.

**Mr Payne**—Exactly. One of the benefits of having slightly larger crews is that you can get maintenance done by the crew while the ship is at sea. Whereas if you have a very small and specialised crew you tend not to be able to get that maintenance done. Some of that maintenance

is pretty basic; chipping and painting, as it is called, is very important in looking after the ship's fabric. But the reason that the labour cost component is important is that it is one of the few variables, if not the only variable, in that competitive regime in determining what is left after you deduct your costs from what you are receiving by the way of freight.

**CHAIR**—We talked earlier about shipping channels and port access. We recently inquired into tugs. What are those costs like in Australian ports by international standards?

**Mr Payne**—I think they are comparable.

**CHAIR**—So you would say that labour is the only area where there is some flexibility.

**Mr Payne**—It is interesting that you made the observation about the distinction between the officers in ships and what we call the ratings—that is, those people who are employed on a ship who are not certificated officers. Australian officers internationally are very competitively priced and highly sought after. There is a huge shortage of seagoing officers in the world maritime fleet, and young Australian men and women are very highly regarded indeed. They are well trained, they are competent and they are regarded as having a very good attitude to work. A very important issue is that their mother tongue is English, which is the language of the sea. As the industry delves further and further into more and more obscure places to find labour, the English capability tends to get worse. So to find a place like Australia with shipowners apparently not having trouble finding people to recruit to go overseas is like the prospect of manna from heaven for the international shipping community, particularly when those officers are quite competitively priced.

There are two issues that flow from that. One is: what about the ratings? The ratings are not internationally competitively priced. They are very expensive by international standards, because there is not so much of a shortage of ratings internationally, so the price of ratings internationally tends to get bid down.

**CHAIR**—When you talk about the Australian rating being uncompetitive, is it just uncompetitive in the hourly rate or is it uncompetitive because of terms and conditions?

**Mr Payne**—It is a combination of those things, I suppose. I should add that for officers the leave arrangements in Australia are the same as for the ratings—if that is what you are referring to, and I suspect you are. The leave arrangements for officers internationally are often not any different from those applicable to Australians. Officers would usually be employed on a contract basis internationally.

The thing that stymies Australians in (a) offering for employment or (b) being recruited internationally is an issue that arises under Australia's tax legislation, which is very much easier to explain than that industrial question. An Australian resident taxpayer who works outside Australia, subject to two or three conditions under the relevant sections of the tax act being met, pays tax in the country from which he or she sources that income—that is, a place outside Australia. On the other hand, the seafarer is deemed by the courts not to be in a place outside Australia because the ship he or she works on goes through the high seas, which the courts say is not a place for dictionary purposes, for legal purposes or for act purposes. So Australian officers who are resident taxpayers are not treated in the same way as other Australians whose

circumstances are otherwise identical. That means that the gross cost of employing an Australian officer overseas is very much higher than employing the equivalent from some other nation. Do you see that?

**CHAIR**—Yes.

**Mr Payne**—That means there is very substantial potential employment that could be offered to young Australians that is not being offered.

**CHAIR**—Purely because of the tax act?

**Mr Payne**—Yes. We have one member in our association who has affiliated with our association purely to try to encourage that change so that for a very large and highly respected international ship operator they can recruit Australians. I would love nothing better than to be able to go to a secondary school and say to the year 12 students: ‘You could have this training assistance from your employer. You would be guaranteed a job at the end of it. You would be subject to being promoted through to ship’s master and into positions of management seniority ashore.’ But I cannot. The maritime skills base in this country is suffering, and this is the key to the solution. I know that is not the subject of this inquiry.

**CHAIR**—So is Launceston underutilised?

**Mr Payne**—Launceston and other colleges in this country could have a booming business in training young Australian seagoing officers for careers in the maritime industry if that matter, which is nothing more than an accident of wording, an anomaly, were to be rectified.

**CHAIR**—We have strayed a little from the subject. But it does come under the general work of this committee and so we might make an addendum based on this issue. We cannot make it part of the report. Let me bring you back to the report. I turn to those two scales noted early in your submission where you are talking about coastal freight. Presumably that is interstate freight. Why are the bulk commodities so high for Queensland and Western Australia in the first scale? Is that bauxite going to Australian ports in both instances?

**Mr Payne**—It is.

**CHAIR**—So that is what throws it out?

**Mr Payne**—Certainly in Queensland it would be.

**CHAIR**—From where does Bell Bay source its bauxite? It is from Western Australia, isn’t it?

**Mr Payne**—And I think from the north as well, but I am not certain of the answer to that.

**CHAIR**—That would be the reason why 72 per cent to Queensland is so high in the first ranked destinations.

**Mr Payne**—Yes, exactly. As I started to find these patterns emerging from these numbers, what I thought was interesting was the importance of intrastate movements of very large



volumes of cargo. I thought about why that happens, and I think I made the comment somewhere in there that it is not surprising when you think about the bauxite situation and about some of the other movements of raw materials.

It struck me as a very interesting pattern where most of the volumes are intrastate or to an adjacent state. It also struck me how eminently suitable that made the sea look for creating a transport path that did two things. Firstly, it gives you the ability to move very large volumes of cargo on a regular basis over almost any period that you care to nominate because the ships can be replaced over time. Secondly, you can do that without any land infrastructure at all.

I am sometimes bemused when I sit in meetings and hear my colleagues, my equivalents in the road and rail industries, talking about funding for their industries. I say good luck to them. They are in an industry that is very different to ours but we are all in the transport and logistics industry. One of the things that characterises shipping, and that we have made reference to, is that it is surprising that shipping is not more predominant when it does not require infrastructure, land acquisition, overpasses or maintenance. And that which it does require is fully funded by the industry. In fact it is overfunded by the industry.

**CHAIR**—Give or take those access questions.

**Mr Payne**—Give or take those access questions.

**CHAIR**—I would not mind you coming back to us on that because that may help us, especially for ports like Mackay, Gladstone and Melbourne where there are dredging issues either immediate or coming up in the short term. I would like to hear your views on that because, even though in your instance they may focus more on interstate and intrastate shipping, it is the same channels. Your dimension might add weight to our recommendations on what should happen to ameliorate that situation.

**Mr HAASE**—I enjoyed your submission and I too was struck by that comparison in freight rate and popularity, especially the greenhouse situation. I was talking to you in the committee break about this general aspect of lack of popularity of seagoing transport. I put the question to you—not in an endeavour to bait you but to have you honestly answer it—do you believe that the shipping industry has pursued a general philosophical change over time, as we are seeing most recently in this country in the rail freight industry? In your opening comment you made a point about representing shipowners. I wonder if those same shipowners, in a more perfect world for freight movement in Australia, ought to be a little more concerned with future freight movement requirements and the whole long-term strategy of selling their services in an endeavour to shift more freight off rail and road.

**Mr Payne**—I can comment on that. You are not baiting me; I think it raises some interesting questions. The first one I will not dwell on except to say that shipowners, if nothing else, are adaptable and good at seeing opportunities. Many of our members have moved philosophically, as you put it, out of sight from where they were 10 years ago. They have done that for a couple of reasons. One was made very clear to us after the 1996 election. Indeed, prior to that, we were very aware of the need to tackle some core philosophical issues within the shipping industry. Some of the issues that we were told we needed to rectify were industrially highly flammable

and, notwithstanding the risk of being burnt industrially, the industry took those issues on and negotiated away some of those issues.

One that was a particularly potent issue at the time was what was called the seafarers engagement system. It was a system of employment that used to exist—a roster system—and it was made very clear to us by the then minister that that would need to go before anything else was going to happen. I am not sure what he thought would happen when we broached that with the union; I suspect he thought that World War III would break out. We did broach it with the unions; we told them of the circumstances under which that had to go. Within six or eight months, it had gone. There was not a day's industrial action at all; not a moment's industrial action over it. There was an adaptation, philosophically, to some of the structural problems that beset the industry, and those things were negotiated out of existence. I have to say that, having tackled those issues, it did not really make any difference, at least in our relationships with Canberra. It had been intimated that, were we to tackle those issues, there might be a more harmonious relationship. We did tackle those issues and nothing changed.

That brings me to the second reason that shipowners have perhaps been reluctant brides in this country. That is that Australia is no place to be a shipowner. I can give you a very graphic example of why Australia is no place to be a shipowner. Under the Shipping Registration Act, if one is an Australian entity and one owns the ship, one is obliged to register it in Australia. Australia is certainly not unique, but it is very unusual amongst OECD countries and Western nations to not have some sort of provision that attracts investment in shipping. But Australia has none. That is a policy decision that the government takes to not do that. It means that Australia is one of the last places in the world you would choose to register a ship and yet the registration act makes you register it here. Of course, that encourages shipowners to have their ships owned in places outside Australia in order to be able to obtain more attractive finance, because there are very big licks of finance involved as you would appreciate.

**CHAIR**—Have you taken this up with government of recent times?

**Mr Payne**—I am glad you asked me that question; I will tell you why, if I may.

**CHAIR**—I am strained again but I am interested.

**Mr Payne**—I have a letter here in front of me that is from the former minister for transport, whose name I will not mention. It says, on this question of the review of the Shipping Registration Act:

I can confirm, however, my intention to progress the recommendations—

that is, to change the act to remove this application of section 12—

as quickly as possible, including the removal of the obligation on Australian shipowners to register vessels in Australia.

The date on that letter is 14 April 2000. In the meantime, the number of ships controlled by Australian interests but owned by overseas companies that they set up has continued to increase. Of course, they register them in places other than Australia. It is interesting; we find often that

people make reference to the reduction in the size of the Australian fleet. The size of the Australian registered fleet certainly has reduced.

**Ms HALL**—What is the size of the Australian registered fleet? How many members are there of your association?

**Mr Payne**—We have 17 members of the association. There are probably 47 Australian registered vessels over, I think, 1,000 gross tonnes. It depends on where you start from as to what the number is, obviously. An indication of how the circumstances have changed is that, if you look at the list of vessels licensed under the Navigation Act to trade in Australia—which historically used to be the Australian fleet—you will see that more than 20 per cent of those are now foreign registered.

**Ms HALL**—How many of those 17 owners have interests in ships that are registered overseas?

**Mr Payne**—Directly or indirectly—that is, through ships that they own, or at least own through an overseas subsidiary, or that they effectively control?

**Ms HALL**—Yes.

**Mr Payne**—The honest answer is I do not know off the top of my head. I would have to look at the list.

**Ms HALL**—Maybe you could get back to us with that information. I know it is a little bit away from the terms of reference, but I am very interested to hear the answer to that.

**Mr HAASE**—I will sum up, for the speed of things, if I may. You would contend, I take it—and I would like to have the day for this, but we do not—that the industry has made efforts to change that rusted-on perception? You would agree that that was necessarily an ongoing process, to roll with the punches of change?

**Mr Payne**—Very much so. I noticed that somebody at the front table had a copy of this report, *A blueprint for Australian shipping*. That report was commissioned by our association for exactly that reason. It was to identify, in a no-holds-barred way, the most sensitive commercial policy and industrial issues that the industry needed to address, and encapsulate them in one report. That is precisely what we did.

**Mr HAASE**—Well done. I am sure that many of your consumers would believe that the shipping industry was a price maker and not a price taker. That is probably one of the base perceptions that you would need to change to advance the industry. I hesitate to tell grandma how to suck eggs.

**Mr Payne**—I think that is a very perceptive remark, if you do not mind me saying so.

**Mr HAASE**—Thank you.

**CHAIR**—In light of those last comments, is it the wish of the committee to admit *A blueprint for Australian shipping* as an exhibit? There being no objection, it is so ordered.

**Mr McARTHUR**—It is worth noting that Mr Morris was a very senior member of this committee and a former chairman.

**CHAIR**—Yes.

**Mr McARTHUR**—I noted when reading the recommendation and during the discussion that a number of issues emerged in that document. I recall ships of shame and related arguments, so Mr Morris's long history in the industry is worth noting for the record.

**Mr Payne**—If you do not mind me saying so, I make the comment that we were very fortunate indeed to have known the Hon. Peter Morris and the Hon. John Sharp, two people whose dedication to and knowledge of the industry were sufficient to persuade us to engage them to undertake this inquiry. We were extremely fortunate.

**CHAIR**—Are there any other questions?

**Ms HALL**—Yes, please.

**CHAIR**—You have a few more, Jill?

**Ms HALL**—I have been very patient.

**CHAIR**—You threw in a few side one there and I thought—

**Ms BIRD**—Can I just ask that we keep to the terms of the inquiry? As much as I find all of this interesting—

**Ms HALL**—I actually would like to, first off, say that I think that it is very hard to separate the issues of ports and the shipping industry, because ports and the infrastructure—

**CHAIR**—From *The freight task* issues, you mean?

**Ms HALL**—Yes. They all relate to an effective shipping industry. If we did not have a shipping industry, or if we did not need ships, we would still have some shipping relating to overseas. I think they are so intertwined that it is very difficult to separate them and say, 'This is all we are looking at within this report.' On that, I would have to say, Sharon, that I cannot put it—

**Ms BIRD**—Industrial issues—

**Ms HALL**—in a little box. You said you have an updated list of CVPs.

**Mr Payne**—Yes.

**Ms HALL**—Would you be happy to share that with us?

**Mr Payne**—By all means.

**Ms HALL**—I wonder if you could submit that. I would like to move that that be tabled as part of the inquiry.

**CHAIR**—Is it the wish of the committee to receive the updated list of CVPs as an exhibit? There being no objection, it is so ordered.

**Ms HALL**—I have one other question about the ships that are registered overseas. Mr McArthur referred to the ships of shame et cetera. Is it true that ships that operate within Australian waters that are owned by Australian companies or owners and operate under an Australian flag need to reach a certain safety standard and have a certain level of maintenance in comparison to ships operating under other flags?

**Mr Payne**—Yes, it is. That is very true. The common misconception about this question of flag is that an obscure-sounding flag means a substandard ship. It does not. The maxim in shipping has nothing to do with flag; the maxim in shipping is this: behind every substandard ship stands a substandard operator. It does not follow that the choice of flag means a lack of standards. Some of the highest quality operators in the world choose to use what the person in the street might think are obscure-sounding places of registry. It invariably has to do with finance and tax, but it is a global industry. Australians are just the same. The reason we want the Shipping Registration Act changed is to enable them to not register in Australia. That does not mean that Australian operators will somehow reduce their standards. On the contrary, their standards will always be maintained at the highest level. Australians already operate foreign registered ships and sometimes employ Australians in foreign registered ships. Those ships operate to precisely the same standards that Australian ships do. It is a misconception that we are trying to overcome. The misconception is that, if there were an opportunity to register ships in some place other than Australia, there would be some reduction in standards. There would not be. Australian operators are operators at the highest standard and will continue to be, regardless of the nation in which they register ships.

**Ms HALL**—I would like to turn to the report *A blueprint for Australian shipping*, which has now become part of the committee's consideration. I note that a number of recommendations were made in it. Have any of those recommendations been acted upon? What would your association's priority be for having those recommendations that have not been acted on implemented?

**Mr Payne**—We had a list as long as your arm of things that need to be done, but we decided to concentrate on those issues which were practical and the most regularly doable—that is, the most expeditious. Ship registration was one issue that we thought was going to be like falling off a log. There had been a committee that had looked at the Shipping Registration Act and had recommended in 1997 that it be changed in the way we are supporting. I read you an excerpt from a letter in 2000, and we are still promoting the idea that that act should be changed. That is one issue. Another one is that tax issue that I mentioned.

**Ms HALL**—That is highlighted here.

**Mr Payne**—Yes, it is. That is an issue that is simply costing Australians jobs and career opportunities and is contributing to and exacerbating a growing lack of maritime skills in this country. The third is an issue that has to do with a consistent application of what is called a cap on effective working life, which has been applied to the road industry, as I understand it. We see that there is a logical argument that says that that might be extended into the shipping industry as well. They are the three issues that we are concentrating on at the moment.

**Ms HALL**—Thank you very much; I appreciate your contribution today. As I said earlier, I can see that there is a very strong argument for looking after the shipping industry, and I can see how integral it is to the report we are considering. I think the points you made about environmental issues and cost factors that will come into play with the rising price of fuel could lead us to having to look again at shipping and at it becoming a more viable industry. Maybe it will move from No. 3 up to No. 1.

**Mr Payne**—The funny thing is that internationally the shipping industry has no problem with viability at the moment. It is just that Australians cannot participate in that.

**Ms HALL**—It has actually grown overseas, hasn't it? There has been a commitment in other nations, and there has been rebuilding of overseas fleets, hasn't there?

**Mr Payne**—It has. In fact, shipyards are busting themselves to meet shipowners' orders at the moment. Steel price increases are, of course, not helping there. One of the main points that Angela made in the environment paper was that, if there was an atmosphere in this country that was more conducive to investment and reinvestment in shipping, shipping would become even more environmentally friendly, because you would build a new ship with more fuel efficient propulsion machinery in it. You would build a ship that had the engineering capacity to deal with ballast water, which is a big environmental question—the translocation of species internationally and domestically. You would build a ship that probably would be bigger and able to carry more cargo per unit of fuel that you would burn. You would certainly have a ship that would emit less noxious substances, because internationally the rules are now much more stringent than they used to be. In a whole series of areas you would build a much more environmentally friendly ship and a more cost-efficient one too, so the argument for shipping would become stronger.

**Ms HALL**—I was thinking as you were talking about the international scene how these terms of reference have been addressed overseas—looking at that infrastructure and how the infrastructure and freight lines link to the ports. Are there any really good overseas examples that you could refer to there?

**Mr Payne**—No, I do not know.

**CHAIR**—As I said, we have strayed a little from our terms of reference but I suppose it comes back to one overriding consideration of the inquiry: what is the most efficient way of carrying commodities in this country? Although the debate has been focused very squarely on road and rail, this inquiry was asked to look at the connectivity in the ports and the efficiency of the ports. I suppose that we have not strayed very much further out of the ballpark. To bring us back to that, your comments on the efficiency of the ports and the access to them would be appreciated. As we have been taking evidence today, I have been thinking that some of the issues we have raised peripheral to the inquiry might make a good short report for this committee. In

every term of parliament we try to build on the 'ships of shame' or some other aspect of maritime activity. During the last term we concentrated on tugs, salvage vessels and the like. In this term we might look at some of the finer points of promoting Australian navigation, given, of course, that for an island nation at the bottom of the world you would think we would have the best operations rather than amongst the worst.

**Mr Payne**—The worst or the least?

**CHAIR**—The least, I should say. I would like to ask you to come back to us with those other things. We trust that, if we need any more information in other fields, we can contact you.

Resolved (on motion by **Ms Bird**, seconded by **Mr McArthur**):

That this committee authorises publication of the transcript of the evidence given before it at public hearing this day.

**Committee adjourned at 1.15 pm**