



COMMONWEALTH OF AUSTRALIA

Official Committee Hansard

**HOUSE OF
REPRESENTATIVES**

STANDING COMMITTEE ON TRANSPORT AND REGIONAL
SERVICES

Reference: Transport networks inquiry

FRIDAY, 7 APRIL 2006

TOOWOOMBA

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HOUSE OF REPRESENTATIVES
STANDING COMMITTEE ON TRANSPORT AND REGIONAL SERVICES

Friday, 7 April 2006

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: Mr Haase, Mr Neville and Mr Ripoll

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.

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Committee met at 9.01 am**BINNINGTON, Mr Melvyn John, Executive Officer, Queensland Agricultural Merchants Inc.****KELLY, Mr Michael Joseph, President, Queensland Agricultural Merchants Inc.**

CHAIR (Mr Neville)—I declare open this public hearing of the House of Representatives Standing Committee on Transport and Regional Services inquiry into the arterial road and rail networks of Australia and their interface with the ports. This is the 23rd public hearing of this inquiry and is part of an extensive program of public hearings and visits designed to gather information from people directly involved with the main issues of this inquiry. Today the committee will be hearing from representatives of local government and organisations on the Darling Downs, northern New South Wales, Ipswich—a late entrant—and from industry representatives involved in the transport industry around Toowoomba.

I welcome representatives from Queensland Agricultural Merchants Inc. We will not be asking you to give evidence on oath, but I have to remind you that these are proceedings of the federal parliament and warrant the same attention as proceedings of the House itself. I have to caution all 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. Mr Binnington, could you give us a five- to seven-minute overview of your submission, and then we will go to questions.

Mr Binnington—Queensland Agricultural Merchants is an association of businesses in Queensland with some members interstate who trade in Queensland. We represent approximately 50 companies, and those companies trade in excess of \$1 billion per annum and employ some 600 staff. I do not have exact figures on that but from a survey we carried out last year on their turnover and staffing, those were the figures that were provided to us by the companies. The major trade that the businesses are involved in is the grain industry and the seed industry as well. We are looking at seed and grain, including cotton seed. That becomes a part of the trading as well. A lot of the companies are involved in export. The export is done via containerised product. There is a little bit of bulk product, but it is mainly containerised. Those containers are packed on the Darling Downs and either carried by truck or by rail to the port of Brisbane where they are shipped to a range of destinations internationally.

That part of the trade has changed significantly over the last five years in that a lot of packing is carried out now at port. In other words, the product is bulked down to Brisbane by road. We have seen a shift in containerised traffic to bulk handling by road, and packing occurring at port. There are two major packing companies that have established themselves at port. Their prime business is containerising seed and grain of various types.

One of the major concerns for us is the change from containerised packing on the downs to containerised packing at port. It has taken away jobs from the downs from packing houses and transferred those jobs to the port of Brisbane. That has an impact locally on regional employment. Also, there is the changing nature of the transport to Brisbane. When it was mainly containerised product going down, the majority of it was going by rail. Now we see a lot of bulk grain and seed going to Brisbane, and consequently that is going by road. We have seen a shift

from rail traffic to road traffic for that product. The congestion on the Ipswich motorway, which is the main arterial route to Brisbane, is being added to by the increase in bulk trucks going down.

There are a lot of containers going back and forth also by road. That is caused by the limitations of Queensland Rail to be able to service the companies in the way that they want to be serviced. Timing of shipping is very critical to the operation because shipping schedules are very tight and containers have to be at the port of Brisbane on time. We have seen a couple of situations happening with this move to road—congestion, and rail being run down because of that. The business houses are moving towards road, so you see a bit of a spiralling down of the rail. Rail from the downs to Brisbane is always a problem because of the single line down the range. Also, of course, there is the problem of our range road not having that second range crossing, which has been a political issue for some time. We are getting increasing congestion and a greater number of accidents are reported on the range crossing. We find that it is a pretty serious issue not only for our businesses but also as a regional issue.

That is fundamentally where we are coming from. We would like to see a move to improve the situation down to Brisbane with a second range crossing, improved rail and obviously improvements in access to the port of Brisbane. We were down there yesterday. There is a single-lane bridge that crosses to the port. It was pointed out to us by one of the major companies down there that, if anything ever happened to that bridge, the port of Brisbane will be wiped out overnight. There are some serious implications for the huge business that is going on down there. The other part is the move to an inland rail system that would provide access to Gladstone from the Darling Downs so that product could go from the downs—containerised or bulk—through to Gladstone port and be handled there.

CHAIR—Thank you for that. We are aware of the problem at the port of Brisbane. We got a very good working over yesterday, and we will be looking at the last six kilometres at the eastern end of the port in our recommendations. I think it will feature prominently in our recommendations, so we do not need to go over that territory again. Give us the flavour of this: how far west and south do you go? Your organisation, or the component organisations within your organisation, draw grain and so on from where? Is it from the western downs to northern New South Wales? Do you go down as far as Moree, for example?

Mr Kelly—Moree, Narrabri, Wee Waa and out to Dirranbandi, Roma and Kingaroy.

CHAIR—Do you aggregate that here in Toowoomba or near Toowoomba, or do you do it on an ad hoc basis to suit the dynamics of each particular area you are drawing it from?

Mr Kelly—It is more or less on an ad hoc basis. There is grain that is containerised at Goondiwindi—nothing in New South Wales—Dalby, Kingaroy, Millmerran and those areas.

CHAIR—I am trying to get the flavour. You are saying, ‘We’ve got to fix up the Toowoomba range.’ Does that imply that if the Toowoomba range was fixed up and you had a depot at Gowrie, Charlton or somewhere out in that area, that would then become the pivotal point for your operations?

Mr Kelly—I feel it would become a pivotal point for the consolidation of containers. Maybe from there they could be trucked to the actual grading plants.

CHAIR—Why don't you use open wagons to go to Brisbane? Why do you containerise your grain to go to Brisbane?

Mr Kelly—To go straight onto ships to the various overseas customers.

CHAIR—If it goes in a container, it is not repacked in Brisbane?

Mr Binnington—No. It is containerised to ship.

Mr Kelly—It is either bagged or bulk in a container.

CHAIR—Let me ask the other question then. Why was it necessary to go by road if you were sending bulk grain to Brisbane for repacking? Why wouldn't you use open grain wagons?

Mr Binnington—I guess that is a service that QR has not pursued. There is a lot of bulk grain that goes to Brisbane in open wagons, but that is the bulk supplies that are going to be shipped in bulk.

CHAIR—The briefing we had yesterday from the Port of Brisbane Authority was that a lot of the grain delivered there are specialist grains, seed grains and, I think they said, stuff grown naturally.

Mr Binnington—Organic?

CHAIR—Organic is the word I was looking for. What is your message to us about how to correct this imbalance? If you cannot consolidate your grain here, would you like QR to take it in wagons? I would just like to know what your thrust is. What are you asking the committee for?

Mr Binnington—We would like to see far more efficient handling of containerised traffic right from the packers' workplace, the factory, through to grain arriving onto the ships. There is a lot of improvement happening at the shipping end, such as the Patrick automated terminal—not that everything goes through Patrick's. We want to be able to improve the logistics right from the packing house to the port. We are really not looking to bulk. Our members are not looking to bulk grain down the other end. Our members are looking to build their businesses at this end by packing containers ready for shipment.

CHAIR—I would like to throw to my colleagues, but just one final question: if the facility is there to pack by container in Brisbane and you can get your containers down by rail or road, why are you not still packing here in containers? Why do you have to use the packing organisations at the ports?

Mr Binnington—Road transport is more efficient than QR. With the current rail system it is much more efficient for a company here to put the grain bulk into a truck, send it to

ContainerLink or Seedpack and have the container packed at that end to meet the shipping schedules.

CHAIR—It is just a fact of life.

Mr Binnington—It is just a fact of life, yes.

Mr Kelly—Besides the actual weight part of it.

Mr Binnington—And the weight issue with the QR infrastructure—wagons, lines, tunnels and bridges from here to Brisbane.

CHAIR—Mr Haase is from Western Australia. He does not have a lot of wheat in most of his electorate, except on the fringes—would that be right?

Mr HAASE—I have probably half the wheat grown in Western Australia, but we will gloss over that!

Mr Binnington—That is not a great deal, Mr Chairman!

Mr HAASE—From your submission I picked up on the problem that you had with Queensland Rail. That problem is the nub of the issue, isn't it?

Mr Binnington—It is.

Mr HAASE—Due to the fact that they are limiting you to 21-odd tonnes and your exporters want to maximise the weight in those seatainers, you are then saying, 'We can't send a packed seatainer down because of the restrictions of Queensland Rail; let's pack them to maximum capacity at the port of Brisbane and export them then.' In my mind, the bottom line, which I suddenly realised from reading and listening, is that the whole issue presently is commercially driven.

Mr Binnington—It is commercially driven.

Mr HAASE—And for that situation to be amended it requires an interventionist government to dictate that you will put the business on rail and then dictate to Queensland Rail that they will improve the rail. Of course, all of that is major, as you said—it involves bridges, tunnels, ageing rail, the ballast condition et cetera. So we are really back to the original question, which is: where do you route the inland rail? Do you bring it through Warwick or through Toowoomba? If the rail came through Toowoomba, you would be upgraded and have the ability to put your maximum-weight seatainers on rail and get them to Brisbane port. It is not so much about an understanding of the problem, because I think we do understand the problem; it is a question of what policy we adopt in solving the problem, whether it is an interventionist style policy or a free-market, commercial style policy. I think that sums it up, and I am not sure if we can gain any more insight from you as to which way we ought to solve it. I am sure I could predict your answer if I asked if you want the rail to come through Toowoomba or Warwick. You would say Toowoomba.

Mr Binnington—We would say a hub at Charlton, say, and a line to Brisbane—Charlton being just west of Toowoomba. So we are not suggesting Toowoomba city; we are saying most of our businesses are in Dalby, Millmerran et cetera.

Mr HAASE—How far west of Toowoomba is Charlton?

Mr Kelly—It is virtually on the town boundary.

Mr Binnington—About 15 kilometres, just in the Jondaryan shire.

Mr HAASE—That is really all I can pursue.

Mr RIPOLL—It seems like there is no way around this issue. Have you spoken to QR?

Mr Binnington—Yes, we met with the minister.

Mr RIPOLL—This is a physical problem, not a logistics problem. They physically cannot put any more weight on the line.

Mr Binnington—That is right. The proposed upgrades to rolling stock, for a start, would provide some of the answers. Rolling stock could be improved by modern technology. They are pretty old wagons that are used—not just by QR, on all of the rail.

Mr RIPOLL—Has anyone put a value on what it would take to upgrade QR's systems to be able to deliver what you need for the region?

Mr Binnington—Not in a specific way. There have been generalisations. We believe that if QR were able to spend maybe \$10 million—

Mr RIPOLL—It is not much.

Mr Binnington—it is peanuts—they could have their wagons redesigned using fibre composite, which would save a couple of tonnes on the weight of the wagon, which could then go into the commodity in the box. That is a simple solution, from my perspective, but perhaps not so simple for QR engineers to come that way. But we have a fibre composite company in Toowoomba with world-class technology. They are talking about building bridges out of it. Why not build wagons out of it and save a couple of tonnes in the weight of those wagons? They are very heavy wagons of traditional heavy steel design. So that was brought up at the meeting with the minister, and he nodded at his bureaucrats and asked them to go away and take that on board. We have not heard back on that.

Mr RIPOLL—Can you give us some idea of the growth of your industry and the sort of impact it is going to have on truck movements between here and the port of Brisbane or between your region, where you do your containerisation, and the port of Brisbane?

Mr Binnington—That is a very difficult one, I would suggest.

Mr RIPOLL—Even just a rough estimate. Is it growing every year, for a start? Yes, it is? Is it a growth industry?

Mr Kelly—We are very congested now, in the worst drought we have had in 100 years. What is going to happen if we get back into full production and we have a bumper season? There is no way in the world that the system can handle it. Admittedly, there is going to be a lot more grain used locally.

Mr RIPOLL—Do you have some idea of how many truck movements in a year or a week—a rough ballpark?

Mr Binnington—We have put in some figures when we put the submission in last year. The whole lot would require a major study, obviously, to get good objective data on those sorts of issues. But one of our major members down at Goondiwindi was using rail up until last year. They no longer use rail at all. Every container box is trucked out of Goondiwindi down to the port of Brisbane, and returned containers obviously come back. So that is a significant change.

Mr RIPOLL—Is it more of an issue than just the weight per container? Is it also just the ease of putting it all together, and once it is on the truck—because you have to get it from the farm gate or wherever you are distributing from to the railhead—it is a case of: you may as well just keep going? Is that an issue as well?

Mr Binnington—And there are costs coming into it now. The trucking companies are very competitive, and Queensland Rail's costs are going up because, being a government owned corporation, they have been asked to have a positive bottom line with all of their units. The intermodal traffic is one where they are expected to turn a dollar. Consequently, their pricing is going up in a catch-up mode. They have gone from where they were just a state-run rail system to being a state owned corporation, and they have been ratcheting up their pricing at a much faster rate than the cost of road transport. So you have businesses turning to road transport. And road transport is just more responsive, because you can have a truck any time, any day. You cannot have a train any time, any day.

Mr RIPOLL—This leads into a bigger problem, of course. If what you are saying is accurate in this region, and we know it is happening in other regions, and more and more pressure is being put on our road system—and of course the need to build new roads or bigger roads involves a massive cost—perhaps we ought to be looking a bit closer at some of that cost in terms of maybe trying to improve rail so you can move more of your commodities through rail.

Mr Binnington—You certainly will not get any argument from us on that. That is the exact picture.

Mr RIPOLL—If QR could in some way deliver the weight load limits that you want—23 or 24 tonnes—would that then be a feasible option? Would your customers go back to QR?

Mr Binnington—Some would go back to QR, but also the rail path issue needs to be solved.

Mr RIPOLL—The range issue?

Mr Binnington—The range issue needs to be solved a little more too, yes. I think QR has to grow up a little bit as a business.

Mr RIPOLL—It is fully commercialised. It is out on its own, doing its own thing.

Mr Binnington—Yes, but they are finding it tough going to compete against hard-nosed bulk haulage companies, I think.

CHAIR—I think the nub of your submission is that paragraph about the major issue being the amount of weight that can be carried on rail. That is the nub of the problem.

Mr Binnington—That is right.

CHAIR—Even if you modified the wagons, you would still have a shortfall. If you are losing \$330 per container, that is a hell of a lot of money to lose every time you use the rail. I suppose QR are taking a fairly sanguine view of this, because why would you go and upgrade the existing track if it is likely to be torn up in the next four or five years and if whole new hunks of that line to Brisbane are going to be put in place? You would leave your upgrade and put it into that, surely.

Mr Binnington—The minister told us in no uncertain terms that there are no plans for the state government to spend massive amounts of money on the upgrade of the Toowoomba to Grandchester line.

CHAIR—Can I pick your brain on another matter? It is not central to your submission, but you would obviously know what we are talking about. We have done a lot of work on the grain lines in Western Australia, Victoria and, peripherally, in South Australia. We expect some more from New South Wales. All these grain lines, with the possible exception of Queensland's, are in a state of rapid deterioration. We are told that there is a community service obligation that QR imposes on itself to put \$200 million a year into these branch lines. I suppose a lot of that would go to the grain lines. What I am interested to know is: how do the grain lines work on the downs? Are they reasonably efficient? Do you note the deterioration in them that is evident in the other states?

The other thing I am interested in—and I am surprised we have not received a submission on it this time—is the talk over the years, quite apart from whether or not we get this inland line, of extending the three foot six gauge to Moree. What are your comments on that? We would like to get a feel for the efficiency. In your submission you talked mainly about specialised grains. I now want to talk more broadly about bulk grains and how you see QR handling it. How is it handled on the downs? Is there a case for extending the line from Inglewood or Goondiwindi down to Moree? Could you give us a bit of a feel for that?

Mr Binnington—If you extended the line down to Moree—and it is a large grain-growing area, as you well know—I think you would just be running into the bottleneck at this end.

CHAIR—When you come down the range?

Mr Binnington—When you come down the range. With the limited paths on the range, bulking grain from Moree is just going to exacerbate the problem at this end. On the second part of your question, about the condition of the lines, I cannot comment on that, really, other than by observing that there is significant traffic on the lines west with bulk grain and coal.

Mr Kelly—Because of coal, the lines are probably in reasonable condition.

CHAIR—What about lines like those in Pittsworth and Millmerran—those sorts of branch lines? Are they still in pretty good nick?

Mr Kelly—I think so, yes.

CHAIR—So you are not getting this business that we see in Victoria and New South Wales, where the trains have been slowed to 20 or 40 kilometres and that sort of thing?

Mr Binnington—No, but you have to realise that there are different classes of lines. There are A class, B class and C class lines. Some of those lines are of lower classes, so their capacity is limited, as is the line down to Brisbane currently. It is not like the coal lines up into the northern coalfields, which are the super lines. So there are problems with them.

CHAIR—I suppose it would be fair to say that, on the basis of the upgrade of the line from Brisbane to Rockhampton, if you upgrade a line that attracts other traffic and if you get a fast, reliable rail service on it, other businesses are attracted to it?

Mr Binnington—Make the road wider and bigger and it increases—

CHAIR—One of the difficult parts of this report that we are going to have to talk about is the grain lines. Queensland does offer some alternatives and your organisation obviously depends very heavily on QR in some areas. We are interested to hear your comment on it and whether you see a future for bulk grain on rail.

Mr Binnington—I would not see our members using it from a bulk point of view, except in circumstances where we may see a change following the Cole inquiry as to who can export bulk wheat. Currently, our members are unable to export bulk wheat because of the veto of the AWB.

CHAIR—What is this ‘specialised container’ stuff? Does that come under the AWB or do you get exemptions for those?

Mr Binnington—The WEA issues permits to our members to export wheat in containers or bags, which are containerised as well, so they have to get their permits through the WEA. But of course the AWB hold the veto on any bulk shipments. However, even businesses here in Toowoomba have the capacity to put specialised bulk shipments together of particular varieties of wheat for niche markets in Japan and so on. So they would then be looking at bulking wheat from the downs to Brisbane, if there was a change to the single desk arrangements following the Cole inquiry or at some later date.

CHAIR—Mr Kelly, do you want to add anything?

Mr Kelly—No.

Mr HAASE—I have been looking at your data and it is not clear. What percentage of the total grain crop would be bulked into containers for export? Is there a figure that is spoken of from the downs?

Mr Binnington—Can I try to clear the question up. The percentage of the crop that is containerised or that is—

Mr HAASE—I am not talking about fresh product; I am talking about broadacre grain products that are grown here.

Mr Binnington—Sorghum crop?

Mr HAASE—Yes. What percentage would be containerised for specialist markets overseas? I am just trying to get a feel for it. Is it a half, is it a quarter?

Mr Kelly—It wouldn't even be a quarter—maybe a third would be containerised. But when you talk sorghum, maybe two-thirds in a good year would be exported in bulk.

Mr HAASE—So it is still a very substantial amount of product?

Mr Kelly—Yes.

Mr HAASE—A solution will therefore make a substantial difference to the amount of road traffic?

Mr Kelly—Yes.

Mr HAASE—Even the question we have discussed: whether it be the Warwick route or the Toowoomba route for a proposed inland rail, at the end of the day, even with the installation and the upgrade, you are still going to have this competition from road, in opposition to rail, rates wise and whoever offers the lowest rate per ton, especially given the efficiency of a truck when you want it, where you want it, do you not believe that your members are still going to rely on road transport?

Mr Kelly—I think that road transport, with the Western Freeway the way things are, has only got to go downhill.

Mr HAASE—No pun intended!

Mr Kelly—Yes. With the growth of population in the south-eastern corner, which puts more domestic traffic on the road, if we have a normal grain production here—if we ever have one again—the amount of traffic that will be going onto roads in semitrailer loads will be phenomenal.

Mr HAASE—I am asserting—and I want you to challenge this—that that will continue to be the case unless rail offers a cheaper price.

Mr Binnington—Rail will need to be competitive pricewise and in service. They will have to be competitive on both fronts.

Mr HAASE—If you analyse this problem as we have, as a committee, what you are talking about to get freight off road is almost imposing a cost restriction that makes rail attractive. You cannot necessarily make rail much cheaper. You can, of course, make anything dearer, as we have just analysed nationally in the last weeks with regard to registration fees. How would your industry and its associated members, including the transport industry, feel about a tendency for your organisation to be saying, ‘For ease of congestion and simplicity, we really ought to be pushing road charges up so rail will be cheaper’?

Mr Binnington—We have some transport companies as members of our association. Does that answer your question?

Mr HAASE—Now you know how we feel! Mr Kelly, is there anything you would like to add so that you are in the target line as well?

Mr Kelly—I personally feel that, with the congestion that is going to occur, transport will put their own prices up, and they will price themselves out. Because, if they are going to send a truck down to Brisbane, it is going to be two days by the time it gets in, unloaded and back. It is not going to be economical for them.

CHAIR—You see, our role for the federal government is to pinpoint where it might intervene to stop these inequities occurring. That might be by way of subsidising the Queensland government on a new crossing of the range or an upgraded crossing of the range. We have to report on the efficiencies of getting things to the ports. The point you raised is a very interesting one: if it becomes a monopoly road business and there is going to be a lot of congestion between here and Brisbane anyhow, you are going to get a distortion in the price eventually which will be worse than both old road and old rail.

Thank you very much for your evidence today. We trust we can come back to you if we require any more information. We will send you a copy of the *Hansard* draft for editorial corrections. On that note, thank you once again.

[9.39 am]

BELLINGHAM, Mr Ronald Richard, Chairman, Cunningham Rail Link Committee; and Mayor, Warwick Shire Council

HAYES, Mr Gary, Member and Surveyor, Cunningham Rail Link Committee

ROGERS, Mr Glen Frederick, Member, Cunningham Rail Link Committee; and Mayor, Stanthorpe Shire Council

SMITH, Mr Robert, Member, Cunningham Rail Link Committee; and Deputy Mayor, Boonah Shire Council

FERGUSON, Mr Rodney Phillip, Chief Executive Officer, Warwick Shire Council

CHAIR—Welcome. I suppose I should declare a conflict of interest, having been raised in Warwick and Stanthorpe in my earlier days!

Mr Bellingham—Well, that's a good start!

CHAIR—And having known Mr Ferguson as one of the CEOs in my electorate as well! Gentlemen, we are not going to ask you to give evidence on oath, but I have to remind you that these are proceedings of the federal parliament and they warrant the same respect as would attend the House itself. It is customary to remind all 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. We have heard something of your views. They came up yesterday. Beaudesert gave us some views on that, as did a number of other witnesses at the Brisbane hearing, so you obviously come well credentialed today. Who is going to lead?

Mr Bellingham—I will, Mr Chair.

CHAIR—Just give us a five- or seven-minute overview of your submission, then we will maximise the time in flushing out the issues of your submission. Away you go.

Mr Bellingham—Thank you for the opportunity to present a submission to this committee. The Cunningham Rail Link Committee has been in existence for some six or seven years. As a committee, we identified the opportunity for a more efficient rail system, particularly in the interchange between our capital cities but also servicing the grain production in both inland Queensland and certainly New South Wales. In the discussion that has been going on for some time about fast rail connecting the capital cities, we support that approach. We need a dedicated freight system in this country that is efficient. We do not come to you with a parochial outlook. We come with the belief that Australia needs to look at the whole picture, and we want an efficient rail system. Because of the size of our country, we believe that the Commonwealth government is the appropriate body to show a lead in the development of that efficient rail system. The ports obviously need to be integrated with this system and work efficiently.

Warwick was and still is a transport hub on the Darling Downs. It is at the junction of the New England and Cunningham highways, and we want to talk briefly about the extension or development of a road between Woodenbong and Legume, which is in a very poor state. However, that would roughly parallel our proposed Cunningham rail link as an extension of rail. We believe that the extension of a standard gauge railway from either the New England or the Moree area would be a good investment and that the logical development of that rail link would take us through Warwick, joining the standard gauge rail at Rathdowney, and then obviously on to the Bromelton proposed inland port. We believe that that will give the best access for grain and the most competitive development of transport of produce, both from the west and through distribution opportunities from incoming freight from the port of Brisbane. I know that your mandate is really about freight to and from the port system, but we do have some problems—

CHAIR—No, we go further than that; we are examining the arterial road and rail system.

Mr Bellingham—On arterial roads, we have a group called DTRAC, which is the Downs to River Action Committee. They have been in existence for some years trying to resolve issues with the Legume-Woodenbong section. I draw your attention to the map—it is No. 2.

CHAIR—Are you going to refer to this map?

Mr Bellingham—Yes.

CHAIR—Would one of my colleagues like to move that we accept this map and notes provided by this group into the record and authorise them for publication.

Mr RIPOLL—I will move that way.

CHAIR—Is there any objection? As there is no objection, it is so ordered.

Mr Bellingham—Item 2 is the Legume-Woodenbong connection. Fifty years ago that was one of the best roads in our locality; today it is without a doubt the worst. It is an arterial road that connects the northern rivers of New South Wales to the Darling Downs.

CHAIR—Where does that come out at the Woodenbong end? In Kyogle or somewhere like that?

Mr Bellingham—Yes, and I am sorry—you have picked up an anomaly in the map. From about five kilometres east of Woodenbong there should be a road drop-down to join the Summerland Way to Kyogle, which is just off the map on the southern side. That connection is an extremely important road. The development of that road would have the effect of bypassing some of the bottleneck that occurs through the Gold Coast and Brisbane. There is an opportunity for both tourist traffic and freight traffic to be diverted onto that highway.

CHAIR—What is the condition of the road from Woodenbong to Rathdowney?

Mr Bellingham—The Woodenbong-Rathdowney road is quite good; that is part of the Summerland Way and has been developed over a period of years.

CHAIR—Late last year I travelled along the road from Kyogle across the mountain and straight down into Beaudesert. That was pretty tortuous and ugly. I think it is called the Lions Road.

Mr Bellingham—That is right.

CHAIR—This is a quite a reasonable highway, is it, other than this bit from Legume to Woodenbong?

Mr Bellingham—Yes. We see an opportunity with the road going from just east of Woodenbong to Rathdowney.

CHAIR—Would this be an alternative route to the Gold Coast?

Mr Bellingham—Exactly. It is an alternative route from Lismore-Casino—basically the northern rivers area—through to the Darling Downs. Whilst the road on either side of it, from Legume to Warwick and from Woodenbong to Kyogle, is in good condition, that section of the road from Woodenbong to Legume is extremely poor. It needs a significant injection of capital to bring it up to that standard. Whilst it is in the Tenterfield shire, it is a road of regional significance. It has not been identified as such, but there has been great activity trying to promote it as such.

CHAIR—We have found in our inquiry that road and rail corridors along borders are notoriously neglected—and sadly. There is now talk, for example, of trying to improve the road and rail connections from Penola in South Australia back to Portland in Victoria. Not that long ago that line was quite busy. So we understand the dynamic. How many dollars would that be, Mr Bellingham?

Mayor Bellingham—I could not quantify that.

CHAIR—Is that the responsibility of the Queensland Department of Main Roads, the RTA or a bit of each? Or is it a shire road?

Mayor Bellingham—It is RTA.

Mr Rogers—Just to give you some indication of the cost, there was a costing done. It would be five or six years old now, but I think it was estimated to be in excess of \$30 million to upgrade that section of road to a standard that would be acceptable for heavy traffic.

CHAIR—Can you really argue a case, for example, that this would take some pressure off the Cunningham Highway when it comes into Ipswich and so on? Can you argue a strong case that that would divert a fair amount of Warwick based traffic direct to the coast?

Mr Rogers—Not necessarily, but all that heavy traffic that goes from the Darling Downs to Northern Rivers basically goes up through Stanthorpe at the present time and through Tenterfield. Between Warwick and Stanthorpe you have 1,500 feet of lift, so there is a significant cost there in hauling heavy transport up there. This would reduce that. Also—I am going back some years now—Wickham's transport used to deliver into the Woolworths complex in

Warwick. I think from memory the number was about 20 trucks a day that were coming out of Sydney. They were using the Pacific Highway. They would like to come through that route, but I think a lot of them come up through the Gold Coast and then back up through there.

CHAIR—How do Stanthorpe people go to the Gold Coast?

Mr Rogers—We usually do not!

CHAIR—It is not that good up there.

Mr Rogers—I think most Stanthorpe people would go basically down through Boonah and Beaudesert, purely and simply because of that section of road. It is a horrible section of road. It is 30 or 40 kilometres an hour.

CHAIR—I think we have got the message on that road. Mr Ripoll might have some views because he has all that Ipswich area in his electorate and he would be very familiar with that.

Mr RIPOLL—My real interest in this particular region is the impact that all this has on the congestion of roads, particularly through Ipswich. It seems to be the collection point for all of the heavy haulage and, as we heard from the previous witnesses, for grain in particular. I am sure there are similar problems in your area as well. I am wondering whether, if money were spent on improving some of the roads and links in your region, particularly with rail, that would have an impact further down the line, on Ipswich and the Ipswich motorway in particular. Would it help get the produce directly to the port? What improvements would you get further down the line by upgrading the Cunningham rail link?

Mayor Bellingham—We are still talking about road. I think it would have a significant impact on the traffic that would flow through Cunninghams Gap to Aratula, Boonah, Beaudesert and then the Gold Coast. This would then become a viable alternative for road traffic through to Beaudesert. It is really about transport as well. At this stage, that is a very difficult road for transport to use. A lot of them do use it, but it is a very tortuous road, so it would take a significant freight component off the Cunningham Highway to Beaudesert and the industrial area, as I see it. Also, it is really more the north-south traffic that is generally funnelled through the Gold Coast and Brisbane. We see that that is probably the major benefit: it would get some of that density of traffic back through Warwick, up through Toowoomba and generally north. It would get traffic travelling north. It is a very significant road that does need some analysis to see the potential changes for traffic.

CHAIR—Everything seems the funnel into the Cunningham Highway, doesn't it?

Mr Bellingham—Exactly.

Mr Rogers—It does pretty much

Mr Smith—The Cunningham is very busy, yes.

CHAIR—Then you hit the Warrego Highway coming from Toowoomba and the two coalesce at Ipswich.

Mr Bellingham—Yes, much to our disgust.

Mr Smith—As the Mount Lindesay Highway actually ends in Tenterfield at the junction of the New England, it possibly could alleviate some of your heavy traffic going up the road if it were in a reasonable condition into Brisbane.

CHAIR—Is there a link from Legume to Stanthorpe or do you have to go through Warwick?

Mr Rogers—There is a link, but at the present some of that is gravel road. It was the old Mount Lindesay Highway. I might just point out at this point that Stanthorpe supports this very strongly. We see it as an alternative route for tourist traffic, particularly from the Gold Coast and the growing Northern Rivers area. Further to that, there has been a number of times when that has been the only flood-free road from our area into Brisbane. Most of the Mount Lindesay Highway is pretty much flood free.

Mr RIPOLL—Where is the final destination of most of the freight that travels from your regions? Is it the port of Brisbane, is it Brisbane itself, the Gold Coast or the Rocklea industrial area?

Mr Rogers—Certainly for Stanthorpe it would be the Rocklea market area.

Mr Bellingham—The grain destination is obviously the port of Brisbane. The grain trains from the western area come through Warwick then up through Toowoomba and across. There is a significant flow of grain there. Our interest is trying to develop a more efficient delivery system into the port of Brisbane. We see it a priority to promote that.

CHAIR—Let us now move on to the rail link. I suppose you are all familiar with the figures. On the east-west corridor from Sydney to Perth we carry about 80 per cent of freight on rail. On the north-south corridor—Melbourne to Brisbane—it used to be 12 per cent and since the ARTC took over the arterial track tracks of New South Wales it has gone up to about 17 per cent. It is expected to peak somewhere between 30 and 35 per cent. If we are going to carry something akin to the same sort of proportions on rail between Melbourne and Brisbane, obviously there is going to have to be another corridor—in the medium term anyhow if not in the short term. You have put up an alternative view to the traditional one. There is a third view, of course: coming out of Melbourne and not following the line to Sydney—to go straight up through Shepparton.

Mr Smith—The inland rail?

CHAIR—Yes. That alternative view is being promoted in Victoria. They come together at various places. There is another view of going across the Pilliga scrub, which would take out a huge chunk of time. When we get to the Queensland border there is a variety of views. In addition, there are five coalmines between Acland and the Dawson Valley that could be opened up as well. There are a lot of dynamics floating around there.

I have been under a great misapprehension about this. I assumed that this train line that has been talked about from Warwick was to follow the old 'via Recta' route through Spicers Gap, but this is quite different. Could you explain the dynamics of this track? I did not realise until yesterday that it is about \$142 million less than the Toowoomba option. We would like to hear

your argument for this track and the other benefits it has in terms of grain from northern New South Wales and so on.

Mr Rogers—Chair, could I defer to Gary Hayes, who is a surveyor within our community and was one of the original proponents of this scheme.

Mr Hayes—We became involved after looking through the inland rail proposal of Everalld Compton. The biggest hurdle was the Great Dividing Range and getting through to the port of Brisbane. His initial investigation was certainly a biased towards Toowoomba, probably due to historical circumstances. We thought that unless we could jump this hurdle the whole situation would not get anywhere. We started looking, firstly, at via Spicers Gap, which you talked about earlier. We got some consultants involved and found the best route basically as outlined on our map here. It joins at Rathdowney to the new line from Warwick. From there we utilise the existing line to the port of Brisbane.

CHAIR—Does that use the old Killarney corridor at all or is that a totally separate route?

Mr Hayes—It is a separate route. We looked at the criteria that the inland rail had for high-speed double stacked containers and we wanted to compare the same sorts of criteria. The only options that were available at the time was going via Toowoomba or going via our route. That is why our report deals specifically with those two options. It looks at certain options for the Cunningham rail link through Spicers Gap and through our preferred route. The costings showed that \$140 million difference, roughly, based on those criteria in our study. We think that we have an effective solution, particularly because the existing line when we get to Rosewood west of Ipswich is electrified and because of the congestion that currently exists on the line through Ipswich. We are aware of proposals for a new rail to bypass the rapidly expanding urban area. The more the urban areas develop, the bypass becomes further and further south and hooks in somewhere towards the Beaudesert area and even down to Bromelton, which is the proposed industrial area.

CHAIR—So you propose to double-stack to Bromelton?

Mr Hayes—That is correct.

CHAIR—Then break down into single stack from there?

Mr Hayes—That is correct.

CHAIR—And use the same sort of automated stuff we saw at the port yesterday?

Mr Hayes—That is right. We have had long discussions. In fact, the port of Brisbane funded some of the study, so we have certainly been involved with them for a long time. Their frustration is the with existing line through Brisbane, which we know is politically sensitive to the port—they have a voluntary curfew on that line—and the conflict with passenger trains on the existing western line through Ipswich, which is only going to get worse if the residential expansion which is planned for that western corridor occurs.

Our line is basically a freight line. We have not proposed it for passenger traffic at all. It is just a straight freight line. We can certainly appreciate the importance of the Charlton/Wellcamp industrial area. On further evaluations after our study, the cost of a line from Warwick through to there appears to be \$60-\$80 million. We see that as an important area that would actually link the Charlton area through this Cunningham rail link to the Bromelton area, which would link two key proposed industrial areas, and then on to the port of Brisbane.

CHAIR—And would take the heat off the Toowoomba range proposal?

Mr Hayes—Exactly. With the western corridor expansion for residential purposes, the Toowoomba line could easily be electrified to Helidon at the base of the range, and that would satisfy the passenger traffic.

CHAIR—What is the cost of upgrading? Would you follow the same route from Warwick to Toowoomba? Would you upgrade the existing narrow gauge line or is there a different route proposed?

Mr Hayes—No, it would follow roughly the same route. We have not done a lot of homework on that, but you would be aware that the topography is reasonably rail friendly to get to Charlton from Warwick.

CHAIR—I have taken a bit of an interest in this, as has the committee; this is not the first time the Melbourne to Gladstone link has been discussed. I think in evidence and if not in evidence then certainly in discussion we asked what the objection was to bringing the line to Warwick and then on to Toowoomba and then down the range. One of the arguments was that Missen Flats is very unstable in terms of heavy duty rail. Is that argument still valid?

Mr Hayes—Our investigation revealed that Missen Flat is probably no worse than the flood plain north-east of Goondiwindi, which is a major flood plain. We would say that a short section certainly would be more difficult engineering wise, but it is not a huge hurdle.

CHAIR—Do you propose as a stage 2 to link Warwick back to Charlton?

Mr Hayes—Yes.

Mr HAASE—Gentlemen, it is a fascinating tussle that is presently going on: the consideration of your proposition or the alternative through Toowoomba. Frankly, as a stranger to the area, the ‘through Warwick’ proposition appeals to me. I think you said that your organisation has been in existence for seven years.

Mr Rogers—Yes.

Mr HAASE—In those seven years you must have developed a direction for your strategy, as far as progression is concerned. I wonder, for instance, what your next step forward is in promoting this proposition, at the same time as promoting progress on the whole concept of an inland rail. I wonder who you believe at government level ought to be identified as the driving force. Should it be a state cooperation between New South Wales and Queensland? Should it be

the federal government? That aspect of the question is something that I would like you to address.

Mr Bellingham—We see the role of the federal government as absolutely the lead agency. There are two barriers to this whole project, the whole momentum here. One of them is the Great Dividing Range and the second one is a state border. Without cooperation across that state border, this simply will not happen. Therefore, we see that the only level of government that can progress this, with the cooperation of the two states, is the federal government. We believe that is the role that the federal government should accept because, let's face it, over a century and a half ago we got it wrong with the rail gauges. We simply need to develop a system now for the next 20 to 50 years that will service our whole country more efficiently. We would like to work with the federal government to facilitate the two states working closely together to get a better solution. The bottleneck is the Ipswich Motorway and everything funnels into that. Somehow, we have to get away and we have to get road freight off the road onto rail, and the rail system has to be efficient to be able to achieve that.

Mr HAASE—So far, who has been funding your organisation?

Mr Bellingham—It has been funded by the Stanthorpe, Warwick, Beaudesert and Inglewood councils, together with the port of Brisbane, which put substantial funds into the study in the first place.

Mr HAASE—And Queensland Transport?

Mr Bellingham—Yes.

Mr HAASE—During the period, what hurdles have you identified from a bureaucracy or an administrative perspective? Have you labelled the hurdles in the way of progress?

Mr Hayes—The biggest hurdle we have found from QR is the existing track through Ipswich and Brisbane and the possible need for a bypass to get around the urban areas. That creates quite some friction in Brisbane. I am aware of an antirail protest group in the Forest Lake area that obviously does not want a rail line to go through there. That is why we have identified that.

Mr RIPOLL—Is it Forest Lake or Forest Dale?

Mr Hayes—Forest Lake. We see that as a major bottleneck that to date QR has been unwilling to address. That is why we certainly need to sort that out at another level of government, which we see as the federal government.

Mr HAASE—I think you said you are a surveyor.

Mr Hayes—Yes.

Mr HAASE—You recognise that there are no engineering problems here and that the problems, in your opinion, are political and that a state government is prepared to take this necessary change to the people?

Mr Hayes—That is correct.

CHAIR—Just on that point, you talk about the engineering part. You have to get up onto the Mount Lindesay plateau, I suppose you would call it, or the top of that range coming from Warwick. Are there any problems getting up to Legume? Is there a lot of windy terrain there?

Mr Hayes—In our report we have identified that some tunnels are needed, and that is based on replicating the inland rail criteria that was proposed as a high-speed rail link. If you perhaps downgrade those criteria, which I do not think is a good thing, obviously—

CHAIR—It is all premised on the basis that I am getting the freight from Melbourne to Brisbane within, I think, 22 hours.

Mr Hayes—That is right. That is why our engineers came up with this track through Woodenbong. They looked at tunnel links and there are graphs and that included in this report.

Mr Smith—When we spoke about Spicers Gap and we first looked at that, the problem there was an enormous tunnel because of the land mass difference—I think some 100 metres—between Warwick shire and Boonah shire.

Mr Hayes—It was more than that; it was about 250 metres.

Mr Smith—So there is that big drop. To get and maintain a 100 kilometres an hour speed, an enormous tunnel would have to go in there at a horrific cost. Because it would be going under national parks, there was a problem with native title. With this other route, there are no national parks involved. It is all freehold country. I think there are two tunnels which are much smaller and which do not need the air interchanges that the larger ones need. The biggest engineering one that they had to do is, I think, a five kilometre viaduct over an area there.

Mr Hayes—There are two shorter tunnels, three kilometres in total length and there is an area of viaduct that we would have to lift up.

CHAIR—Is that across a flood plain or something?

Mr Hayes—Yes.

Mr HAASE—What is the elevation?

Mr Hayes—Because it is a flat area, it is only a matter of metres.

CHAIR—It is not a high viaduct?

Mr Hayes—No, it is not.

CHAIR—When you come down the range from Woodenbong—excuse the terminology—there must be a windy bit down the range to get down to Rathdowney?

Mr Hayes—There is.

CHAIR—Where does that occur?

Mr Hayes—I have not brought the engineering plans with us or their extended report, so I can only speak generally that, in the area between Legume and Woodenbong, we do have some tunnels.

CHAIR—Coming back to you Mr Ferguson, if this goes ahead and if the Commonwealth were to favour this route, there would have to be some sort of hub around Warwick, wouldn't there, to take the New England freight? Where would you propose to have that? If you are going to have Charlton and Toowoomba, there will obviously have to be a corresponding linkage point—a consolidation point.

Mr Ferguson—The existing crown industrial area within Warwick.

CHAIR—You have identified something there, have you?

Mr Ferguson—Plus there are also substantial locations outside Warwick heading to the north towards our airport that could be used for industrial activities. I do not think it was ever really part of the Cunningham rail link proposal that Warwick become a major hub, but we have discussed that in recent times.

CHAIR—Isn't Warwick the hub for all Woolworths operations in eastern Australia?

Mr Ferguson—Big W has a major distribution centre in Warwick. It services the Northern Territory, Queensland and northern New South Wales. It employs roughly 250 to 300 people, so it is quite a substantial operation. Obviously, at this stage the bulk of their freight comes in on road transport.

Mr Bellingham—There are approximately 3,000 container movements out of that a year, and the existing rail yard in Warwick has very significant space. This has carried on from 50 years ago. That land is still there for operational purposes. However, there is also significant industrial land that would be available. I would envisage that this line would run south of Warwick. The terrain is relatively flat. You mentioned the Killarney line, but the Killarney line is fairly tortuous in that it is a typical Queensland rail branch line and for high-speed freight I think it would be inappropriate. I see it running south of Warwick.

CHAIR—It would not come through on the Inglewood line all the way into town; it would go south of the town.

Mr Bellingham—Yes.

CHAIR—Going back to the engineering—and bearing in mind that this is a new line—what are the implications for resumption and so on? Does it go through a lot of Crown land or state forest? If you have done surveying studies, give us the flavour of what might be involved.

Mr Hayes—It is essentially privately held land. From Warwick to Killarney there is a little bit of cropping, but it is basically freehold grazing country, and that continues, as you would know, all the way through Urbenville and those sorts of areas. I think there is a bit of Crown land, but basically it is freehold land.

CHAIR—You say, Mr Bellingham, that one of the difficulties would be the financial model, which you suggest could involve a sort of corporation and that the cooperation of the state governments and the federal government would obviate the territorial issues, because it looks like this line winds in and out of New South Wales.

Mr Bellingham—Once it crosses the border, it does not cross the border again until after Woodenbong—between Woodenbong and Rathdowney. So it only crosses the border once; however, the difficulty is in getting the two states in agreement, and that is why I think the federal government is the only agency that could facilitate this development. But I do not think that the New South Wales border should stand in the road of such a practical solution to what is a very significant problem.

Mr HAASE—We have been talking about the Cunningham rail link, and I would like you to tell me why it is called the Cunningham rail link when it does not go through Cunningham.

Mr Hayes—In fact, that is incorrect; it will go through Cunningham west of Warwick.

Mr HAASE—Sorry, I am looking at Cunninghams Gap on the map. Where is Cunningham?

Mr Bellingham—Cunningham is around 20 kilometres west of Warwick and was named after Allan Cunningham because that is where he came through onto the Darling Downs from the south. He did a loop around the Darling Downs and then went out east of Warwick. It is the area that Allan Cunningham explored in 1827.

CHAIR—Then he went down onto the coast and saw the gap from the other side.

Mr Bellingham—That is correct. That was Spicers Gap.

CHAIR—I have not forgotten my Warwick history!

Mr Hayes—If your government is prepared to fund it, we are happy for you to assume naming rights!

CHAIR—Howard's Way!

Mr Smith—We were talking about double stack. With the new road crossings et cetera on the interstate rail up to Bromelton, the bridges have been designed for double stack, but I also believe that it is possible now to get double stack right through to the Acacia Ridge.

CHAIR—We will wind up shortly. Is there anything you want to add?

Mr Bellingham—Just a quick comment on the map that has been presented to you. We recognise the significant problems on the road network running into the Ipswich Motorway

through the Cunningham Highway—I refer you to 3a, 3b and 3c. I think Cunninghams Gap, where we have had a number of landslides over a period and there is some work being done on that, is a significant issue. I think it is greatly important to ensure that it is stabilised.

CHAIR—You are asking us because it is part of the arterial highway system and a Commonwealth highway?

Mr Bellingham—Yes. It is a national highway, so I am just drawing your attention to the fact that—

CHAIR—We need more work on the gap.

Mr Bellingham—that is a bit of an issue. The plans are being prepared now; I am aware of that. But it is a very important arterial link, and the traffic will increase in density into the future. There is no doubt about that. It all links together somehow in the whole infrastructure plan. I am sure that generally people agree that, somehow, we have to get this road transport, this freight, back on rail.

CHAIR—We got some very interesting evidence yesterday that between Hervey Bay and Coffs Harbour—I think it was in 2020—we will have a quarter of the Australian population. So this business of continuing to funnel traffic into things like the Ipswich Motorway and some other parts on the north side of Brisbane is just going to turn that into unimaginable bottlenecks. Some of these north-south and east-west connections that relieve that seem to make a lot of sense.

Mr Smith—Mr Chair, as Bernie would know, under the South East Queensland Regional Plan it is envisaged that there will be another million people by 2026 in the western corridor—that is, heading back towards Toowoomba—and the natural progression would be to naturally follow the railway line.

Mr RIPOLL—And 250,000 actually in the western corridor from Ipswich down through the Ripley valley and so forth, yes.

CHAIR—Thank you very much. That is one of the most interesting submissions we have had, and one where you argued a reasoned case. You did not just come to the Commonwealth saying, ‘It’s your responsibility. You’ve got to do this. You’ve got to do that.’ I think we respond very well to cases that are argued on the economics and on sound engineering principles—more than we do to the ones that just come hectoring the committee, saying, ‘You’ve got to do this and you’ve got to do that because it’s your responsibility.’ That is not the way it works. It is an inquiry, and the quality of the evidence is very important.

This is a very good exhibit and we would like to take it into the record, so I ask one of my two colleagues to move that this be taken into the record and authorised for publication.

Mr RIPOLL—I will move that way.

CHAIR—There being no objection, it is so ordered. Councillor Bellingham and your crew, thank you for your evidence. We will be sending you a copy of the *Hansard* draft for editorial correction. We trust we can come back to you if we require any further evidence.

[10.42 am]

ABER, Mr David, General Manager, Moree Plains Shire Council

COTTLE, Mr Peter, General Manager, Regional Services, Dunavant Enterprises Australia

HUMPHRIES, Mr Kevin John, Former Chairman, New England North West Area Consultative Committee

MOPPETT, Mr Warwick, Mayor, Gilgandra Shire Council

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

Mr Moppett—I am also the Chairperson of the North South Inland Rail Corridor Coonamble Option Lobby Group.

Mr Humphries—At the time the submission was sent in I was the Chair of the New England North West New South Wales Area Consultative Committee. I stepped down last year, as I am a preselected candidate for the next state election. My interests are in regional development and I also have an interest working with a cotton company out of Moree, based in Brisbane.

Mr Cottle—Dunavant is a major user of rail out of northern New South Wales and south-eastern Queensland.

CHAIR—We are not going to ask you to give evidence under oath, but I have to remind you that these are proceedings of the federal parliament and they warrant the same respect as proceedings of the House itself. It is customary to remind all witnesses that the giving of false or misleading evidence is a serious matter and could lead to a contempt of the parliament. Having said that, you are most welcome and we are looking forward to your evidence. Who is going to lead? Mr Humphries, would you give us a five- to seven-minute overview of the submission so that we can leave a maximum amount of time to talk about it.

Mr Humphries—Before we start, I would like you to have a look at the front page of the little booklet we gave you. If you have a pen, you might like to circle a little area. We have a snapshot of the rail coming out of northern New South Wales. You will notice just above Moree there is the Camurra-Boggabilla railway. There is a little gap there. If you put a little circle around that, that circle represents the missing link of what could be an inland railway from Melbourne to Brisbane. There is a gap that has been identified in the AusLink white paper. That connection is a vital and critical point in the whole inland issue that we are looking at—and indeed in the country.

CHAIR—Just before you go on, Mr Humphries: would one of my colleagues move that we receive this document as a supplementary submission and authorise it for publication?

Mr RIPOLL—I move that way.

CHAIR—As there is no objection, it is so ordered.

Mr Humphries—We believe that that barrier, whilst it is a physical barrier, is certainly as much a psychological barrier in terms of rail and infrastructure in our country. It certainly highlights what is wrong in the country and the historical background we have had, particularly with interstate management of logistics and rail in particular. Our concern inland is that potentially billions of dollars could be spent on infrastructure in this country when in fact, if you spent millions—not billions—up-country, we could solve quite a few of our issues. We also believe that the next level of productivity in our country will be driven from logistics and infrastructure improvements.

Our whole aim in this process and indeed the submission was based around making sure that our region, which is the largest agricultural producing area in the country, stays connected not just nationally but internationally. We see at least a third of our costs going out of that area, particularly overseas. A third of those costs are going out in transport costs. The next level of gain that we need to make up-country for producers, for marketers, is through logistics and infrastructure. It has to become more competitive. At the moment, it is extremely fractured, and that is driven by a lack of planning over many years, as you would be aware. We are not telling you anything new, but it is at a critical point in time now where governments from all levels within the country need to work together and industry indeed will take up that mantle as well, as they know that they have to work more closely together.

I will not go through the whole submission, but basically we felt—some of this is well over 12 months old—that some of those things have certainly come to the fore. The big thing that is driving what we believe is a potential inland rail cheap solution by extending the narrow gauge Queensland rail down into northern New South Wales is a cheap, quick and efficient way of linking up the inland rail. Our issue is that we have 2½ million tonnes of freight going out of our area. Most of it is going out of Newcastle and Sydney by rail or truck to Brisbane.

As coal is exponentially growing up that basin from the Hunter into Gunnedah, there is extreme pressure on that line, and that is going to impact largely on seasonal producers, rural producers. We need an outlet to the north. We probably have about a three-year window before coal kicks up significantly in the Gunnedah basin, and Peter will probably talk about that shortly. That is certainly putting pressure on seasonal shippers, and it is potentially going to compromise the whole business entity in our area.

I will not go into that any more, but we believe there is an opportunity to extend that line through from Goondiwindi to North Star. It is 30 kilometres, and I think it has already been costed out at about \$30 million. The most expensive bit of infrastructure is to put the bridge across the river. Our area between the Gwydir, the Namoi and the McIntyre valley produces, net, about \$1.7 billion worth of agricultural product per year, and most of that goes out as export. It is dissipated in the way that it is moving out at the moment, and largely that is because the big link between North Star and Goondi is not there.

The last thing I will say is that we are currently organising a freight study which is being coordinated by Strategic design and Development. That is looking at the freight opportunities in the region, putting the data together so that we can get some proper planning in place, not just for government entities and to identify some investment strategies but also to try and pull

together some of the consolidation of industry freight movements, because it has been recognised that that has been a fractured approach in the past.

In short, the only way we are really going to grow our region to the next level is through better infrastructure and access very much to the north. We need options. At the moment, we are the last line north in New South Wales, but the opportunity is that we are the first line or port of call coming south. We believe that that would link in to quantify and justify a better case also for the outer bypass. Warwick might talk about that fast, flat, inland rail track route. That is basically it. I will leave the study with you. It is certainly only in its infancy, but we would like to forward that to you at a later date when it is complete, because it is in conjunction with some of the infrastructure—

CHAIR—Bear in mind that we will probably start writing in the next couple of months, so we need to get it. Even if you do some preliminary work on it, let us have that, even ahead of the full report.

Mr Humphries—This is the why. It is saying, ‘Watch this space: there’s something pretty special coming out of that area.’

CHAIR—The secretary has just pointed out to me that on your submission you have ‘private and confidential’.

Mr Humphries—Yes.

CHAIR—I have just authorised that for publication. You are comfortable with that?

Mr Humphries—Yes.

CHAIR—All right. Does anyone want to add any introductory remarks? You do not have to go through the submission. Mr Moppett, did you want to add anything?

Mr Moppett—Yes, if I may, Mr Chair. I have been invited by Kevin, David and Peter to add weight to their submission. I represent nine councils and 18 businesses from Dubbo to Narrabri and out west. We are a lobby group who have already contributed at this stage to the inland rail corridor study, and we have taken this opportunity to add weight to the Moree connection. We believe it falls directly in line with our aims and goals.

In short, we believe an inland corridor can already be justified with current freight movements. We believe the benefits would be an improvement of the current road system. A strategy to better integrate those road, rail and sea port facilities would, I believe, only advantage the current businesses, the businesses that lie between Melbourne and Brisbane, and potentially add business and growth to our region. This is an opportunity we have not seen for over a century. I am here supporting this submission, but we have made submissions to another group, to Ernst and Young and also to Mark Vaile’s office on the study. I would be happy to elaborate later on if you would like to hear more from us, but at this stage I am under the—

CHAIR—I think we will flush that out in the questioning. I suppose the first thing that occurs to me when we look at this is: if you did do that link across the border from North Star to Goondiwindi, would you then dual gauge that from Goondiwindi down to Moree?

Mr Humphries—Yes.

CHAIR—Obviously some grain would want to go in the other direction, and some would want to go towards Brisbane. You would almost need a dual gauge, wouldn't you?

Mr Humphries—The idea was to look at running the three foot six down the middle of the standard gauge to at least Moree and possibly Narrabri. Given that, as you know, grain is being deregulated exponentially, more grain is going out in boxes. We believe that the freight task out of our region is going to be very much driven by grain, not so by much cotton—it is reaching its peak. Brisbane is largely an export port. Sydney is largely import. It is a mess to get into Sydney at the moment. We believe that there is enough business just out of the Moree site to justify that extension and the narrow gauge.

CHAIR—Presumably, too, that would give Goondiwindi and that catchment area another option if they wanted to go out through Newcastle with certain consignments as well.

Mr Humphries—Very much. Pete, you might want to talk about that, because it is operating out of Goondi as well.

Mr Cottle—Yes. As a company, we handle about half a million bales of cotton annually. Obviously, 99 per cent of that is exported. A little bit goes to Melbourne for spinning, but the bulk of it is to export. Currently, we handle about half of that, about 250,000 bales, inland, either at Moree—about 130,000 bales through Moree—or at Dalby, with 120,000 bales. Our biggest frustration is rail. A clear example is that, in the month of April this year, we could only get three trains into Moree, a total of about 100-odd boxes. We could shift 250 boxes out of Moree on the sales we have got. So, because we cannot get rail, we have to road it through to Brisbane and box it into Brisbane. Yes, the ability to go north or south would be huge. It would give us another option. We also export or rail cotton out of Goondiwindi, so having that ability to link Goondiwindi with Moree would be a huge plus for us as an organisation.

CHAIR—Tell me, do you have any costs for dual gauging (a) to Moree from Goondiwindi and (b) say from Moree to Narrabri? Do you have a figure yet?

Mr Humphries—When John Anderson planted that wondrous tree at Goondiwindi, I think about four years ago—

CHAIR—I was there that day.

Mr Humphries—You were there? It is probably the tree he wish he had never planted—or left it a bit later. I think it was then about \$35 million to run from Goondiwindi through to North Star. That was just running through a standard gauge track. To run a three foot six down the middle we believe might add another \$4 million or \$5 million to it at the most. That is a few years ago. It has probably gone up since then. The corridor is already there. They have just ripped some of it up.

CHAIR—The corridor is in pretty good nick.

Mr Humphries—It is. The foundation is there. The big cost was the bridge.

CHAIR—We got evidence this morning of some problems on the tonnages carried by QR. QR have apparently got very heavy wagons—they are good quality wagons but they are very heavy. Mr Ripoll and I were looking at this and the important point seemed to be—

Mr RIPOLL—The 21-tonne limit.

Mr Cotton—The weight restriction down the range?

Mr RIPOLL—Yes.

CHAIR—Are there any tonnage restrictions on Moree to North Star?

Mr Humphries—No. Dave, you might want to talk about the heavy gauge upgrade on that.

CHAIR—Do ARTC plan to upgrade that?

Mr Aber—They are currently spending funds on upgrading the line. The North Star line is actually primarily steel sleeper, so it is in a lot better nick than a lot of the other lines around us.

CHAIR—What is the cost of the link?

Mr Aber—That is the \$35 million.

CHAIR—And you say—what?—about another \$5 million?

Mr Aber—The line from North Star to Boggabilla—I have walked it—still has the original rails and sleepers. You would have to replace that whole bit of infrastructure right through there.

CHAIR—Then to dual-gauge it, you say about—what?—another \$5-\$10 million?

Mr Humphries—At the most. All we are saying is: ‘Let’s go back to running that internal line back down. We would need to get that quantified, too, Chair. I am only speaking anecdotally here, and we are going back probably four years when this discussion was had in more detail. But that could certainly be quantified.

CHAIR—Have you done studies on what effect that might have on freight movements?

Mr Humphries—That is what we are doing at the moment.

CHAIR—So that is what you are going to pass on?

Mr Humphries—Our problem is that the ports are cherry picking out of our area between Brisbane, Newcastle and Sydney. Even Gladstone have come down as far to look at peripheral

studies for us, because if that Wandoan line goes through, which it will, as you know, that gives us an outlet potentially to Gladstone. Certainly some of the larger growers down our way have looked at importing fertiliser. It just gives us another option. Yes, there has been quite a significant freight study done on it.

CHAIR—I was told anecdotally the other day that the big silos at Gladstone are going to be used for mineral sands because they cannot get enough grain. That is unusual, isn't it?

Mr Humphries—I will just finish by saying that we are being cherry-picked at the moment, because the ports between Brisbane, Newcastle and Sydney potentially can subsidise and certainly the port of Brisbane subsidises a lot of truck movements out of our area to keep them viable. We believe that Brisbane has the capacity to grow its container export business. You are going to have some large ethanol players on that line within two to three years—one based at Gunnedah and one based in Brisbane. There is going to be a lot more grain going down those lines to service that. We believe that we are on the butt end of it, so to speak. The rail operators know that they have got us over a barrel, because we are the end of the line. So people like Peter are having to beg, steal and borrow to just get a train into Moree, which is the largest agricultural shire in the country. It is ridiculous.

CHAIR—On another point of clarification, which lines did ARTC take over in your area?

Mr Humphries—The ARTC has the line to Werris Creek.

CHAIR—Did you say that is disused at present?

Mr Humphries—No, the line to Werris Creek, which comes up through the Hunter, stops at Werris Creek as far as the ARTC are concerned. They have taken a lease option on the line from Werris Creek to North Star. In the AusLink white paper you will see the line from Werris Creek up to Narrabri/Moree/North Star as an identified next option to take over that line and manage it.

Mr Aber—For your information, North Star is about where the 'urra' is in 'Camurra' on that Camurra-Boggabilla line.

Mr HAASE—Very helpful—thank you.

Mr Humphries—It is in what?—the 'a'?

Mr Aber—The 'urra'—about the 'u' in there.

Mr HAASE—My interpretation of the discussion we are having is that it is about what governments should create and therefore drive through providing infrastructure. I want you to tell the committee how you believe we ought to dictate to users the use of a facility of rail or road? It is a constant dilemma for us. If we put a lot of dollars into upgrading rail, it is still no guarantee that it is going to be used, because at the end of the day the whole situation will be driven commercially. The classic point is the Alice-Darwin railway line. It was predicated on the basis of certain usage factors. Usage at this point in time I think is going backwards. The freight task has been recognised, the rail attracts it and identifies the business. Road then says, 'That is the price we have got to beat,' and sets about beating it. If we were to make a substantial

investment in rail, be it in your missing link or other rail, how do we convince the freight industry to use rail as opposed to road?

Mr Cottle—It is a good question. I suppose in our case we have no option. If we want to warehouse and pack 40-foot containers in regional Australia, we have got to use rail, because we cannot put 112 bales in a box and put it on a truck legally. We have to use rail in inland Australia. That is why we built facilities as Dalby on the rail and that is why we built facilities at Moree on the rail. By doing that we are committed. The only other option then is not ship the boxes in, put them on a truck and truck them to the port and box them at the port.

Mr HAASE—Which is what the Brisbane Port Authority would like you to do, I believe?

Mr Cottle—Yes and no. We are finding that the costs of the Brisbane port are becoming too high. I spoke to Tas before our session. We have had a 10, 15, 20 per cent increase in our storage costs in Brisbane versus inland Australia. Land at the port here in Brisbane is at an absolute premium. We are competing with timber and other products for storage. What we are saying as a company is that it is better for us to do that close to the source in regional Australia where we can build facilities on railway lines. All we have to do then is convince the shipping companies that we can rail boxes out, fill them up and rail them back in. It does work. I heard on the grapevine yesterday that a major cotton player in Queensland, Queensland Cotton, are talking about relocating their warehouse facilities from Hemmant in Brisbane out to Dalby and doing the same model.

Mr HAASE—Just explain that for a moment for us. Why would they do it? We have been told how there is a great congestion on roads and the freight problem is significant. Why would they decentralise? I am sure the motivation is reduced land costs and labour costs—

Mr Cottle—Yes.

Mr HAASE—But how do they view the freight task?

Mr Cottle—I cannot speak for them.

Mr HAASE—Generalise.

Mr Cottle—The way we look at it is that we can build facilities in regional Australia that are very cost-effective and close to the source. If you leave our product out in the weather it will diminish. We have to get it under cover as quickly as possible. Road freighting it into Brisbane is becoming more and more difficult—as the previous speakers said, getting trucks down the range, along Ipswich Road and to the port.

The other side of the coin, coming back to my comment, is that most of the warehousing facilities are at the port at Fisherman Islands or just around it and the cost of what those people are charging per square metre for warehousing is increasing rapidly. We have had a 15 to 20 per cent increase in this year alone. We cannot handle all our cotton inland at this stage. We are spending \$3½ million building two new sheds at Dalby at the moment. We would spend similar money at Moree if we knew that we could get a reliable rail service.

Mr HAASE—Okay. You spoke earlier about getting three trains a month.

Mr Cottle—Three trains for the month of April. We put our bookings in and because of the logistics and the pressures et cetera, Patrick have come to us and said, ‘Look, you have three trains for the month of April.’

Mr HAASE—What would they demand of you volume wise to give you a fourth.

Mr Cottle—We have the volume; they just do not have the slots.

Mr Humphries—We would have three trains a week! We can’t get in.

Mr Cottle—They do not have the slots. What is the term they say when they have maintenance on the line et cetera? Our business is seasonal. I am the first to admit that. We are trying to make it year round and we are looking at other commodities et cetera.

Mr Humphries—Mandatory pathways.

Mr Cottle—Mandatory pathways is an issue, and they have said to us, ‘For the month of April we will give you three trains.’ For the month of May onwards that will increase to at least one train, if not two, a week, which will meet our needs. For example, in Moree last year we moved 1,200 40-foot boxes out of Moree in about a six-month period. If we handled all our cotton in regional Australia, we would have doubled that. We would have gone to 2½ thousand boxes out of Moree if we could have had the trains and the reliable service.

Mr HAASE—So I should interpret from what you are saying, then, that you believe the direction of the freight—rail versus road—will be determined by efficiencies and therefore commercial benefit. Do you agree with the last witnesses we had that the road task will become so congested and therefore so time consuming that the increase in price will automatically make rail more appealing?

Mr Humphries—I think fuel prices are going to beat them there. But on the mandatory pathways: one of the problems we will have is that coal is a defined resource. The coal companies will always get a mandatory pathway over a seasonal shipper. That is really where we are coming from. Our continued access to Sydney on containerised freight out of up-country is really going to come under pressure because, as Pete says, we will not become a mandatory pathway. In other words, if you do not have a mandatory pathway, you are the first one to drop off the timeslots. If there is maintenance on the track, we go. We would have to park out the side. That is really going to be a critical issue, as the freight task into Newcastle, coal-wise, is going to increase by something like 20 million tonnes just in the next year or two. That is what they are gearing up for. So that really is a problem.

As for steel on steel, the Sea Freight Council did a study a few years ago on what constitutes up-country intermodal set-ups and where rail becomes viable. Once you are 400 to 500 kilometres from a port, rail should kill road if you are shipping volume. The ARTC, as you would know, have made huge efficiencies on that Melbourne to Sydney line just through better management, so we know that if the rail system is better managed there are going to be more efficiencies in there. All we need is a little bit of a better link to help it become more efficient

and physically possible. It is not a huge leap. The amount that Dunavant would pay as a bond to retain the line would certainly more than underwrite it, if they used that Brisbane line to build that infrastructure. The one company would underwrite that piece of infrastructure.

Mr HAASE—Where do you stand in the great debate of Toowoomba versus Warwick?

Mr Humphries—It does not matter to us, in one sense, if it is cheap, quick and reliable.

Mr Aber—We want the most efficient route to port. That is what we want.

Mr HAASE—You have not decided amongst yourselves that you would back one versus tother?

Mr Humphries—If you are boxing out of Moree, you want your next port of call to be the port. The quickest and cheapest way you get there is all that would concern us.

Mr HAASE—You have not made a decision about which is quickest and cheapest of those two?

Mr Cottle—No.

Mr Humphries—You only have the Toowoomba option at the moment.

Mr HAASE—We are being pressed very heavily—

Mr Aber—I am aware of the Warwick proposal and the border regional transport study. If we just take a totally parochial interest—which we all do in Moree—we want to get our stuff to port in the most efficient way possible. In Moree we make the claim that we are the most productive shire in Australia, and that is to the tune of nearly \$900 million to nearly \$1,000 million a year in agricultural produce. That is very important to us, particularly as some of the grains are getting more specialised—for example, durum wheats, where we are boxing up and sending the boxes. Producers are doing that themselves and sending it on through the whole system. We really need to have a lifeline where it is pretty seamless. If we can get it into the final form to the people who want to take the shipment as soon as possible, it is in our interests to do that.

The 40-foot containers, from the point of view of the large bulk that we are producing, seem to me to be the most important option to look at. To some degree that then takes road transport out of the equation, given that we are 450 kilometres from Brisbane. The economies of scale should be taking over, particularly with rail freight. What is beating us is the connectivity. We are probably at the mercy of the decisions made by our great-grandfathers about how this colony of Australia was going to be built.

Mr HAASE—Remember they were raising revenue at the time. That is the reason for the difference in gauge.

Mr Aber—Yes, that was the whole situation. Freight from Moree goes north, south and east. Through this study we are looking at some of the logistics centre options and so on to try to gain that bit more efficiency, because the long-term sustainability of what we are doing as a

community is threatened on the 10- to 20-year horizon by the freight costs. It makes sense to us that our production costs could be improved to keep us competitive by looking at the freight task, basically because of the costs now associated with being at the end of the line and having to go through major centres like Brisbane, Sydney and now even Newcastle to get access to the port. A major link through to Gladstone is starting to look like an option for us to think about, because if we can shift grain out through Gladstone, all the better. It is on the way to the next destination, instead of being dragged through a city, stored and then put onto a boat there. If we can get it as far north as possible, that cuts some of the journey.

Mr HAASE—An issue that Mr Ripoll might like to talk about is whether we should terminate in Brisbane or Gladstone with any inland rail.

Mr RIPOLL—That is a good point. My personal view aside, I think we should go as far as we can. That would be the obvious solution: if you are spending the money and you are trying to achieve something in the long term, you would want to at least go to Brisbane at a minimum with the option of going to Gladstone—although you would want to look at the Gladstone option as well—and at least provide for a corridor for the future. One of the biggest problems we have today involves corridors, which actually give you the option to move into the future. As you have development encroachment and all sorts of other pressures coming on land, you find the corridors just disappear, so you no longer have options as to where you can go.

Mr Moppett—To add to what you are saying, I guess the contribution made so far is specifically to Moree. I believe they are in a very acute position because they do not have access to a northern rail opportunity, so this would create an added competitive process. But we represent a region a little further south, from Dubbo right through to Narrabri—it is a substantial agricultural area comprising nine councils—and it is our view that the increased competitiveness with the opportunity to ship north, south and east will create a lot more opportunities. We believe that we could bring development from the east coast along the corridor into the western areas that are looking for much cheaper capital assets.

We have heard about ports and the difficulties around major urban centres and their development being due to social impacts and other issues. We also believe that there would be a change in the social character of transporting. Our industry knowledge is that long haulers are terribly difficult to find and that having shuttles and intermodals would be a far safer option for road users. I would also like to highlight the fact that, with the current mining boom, dangerous goods and wide loads are choking up the Newell Highway at the moment. So there is the opportunity to freight heavy, dangerous and wide products, including agricultural tractors and other agricultural equipment—even double-stacked containers—on a fast, flat inland route with options to go north or south. I might point out that we are not only talking about export; we are also talking about equipment coming into our region. Major equipment from American manufacturers of plant and an increasing amount of Chinese equipment are starting to come in. We need to make sure that we are at a competitive advantage when it comes to delivering that to the various areas on the inland corridor.

Mr RIPOLL—You made an interesting point, which is different from many of the other submissions we have had to date, that you are looking for more access to rail and you cannot get the wagons or the freighters that you need on track. Most other people we have spoken to have

moved away recently or some time ago from rail onto truck, for convenience, efficiency or cost reasons, whereas you are saying that you could do with more rolling stock.

Mr Cottle—Very much so, yes. I know this is out of the scope a little bit, but we have a situation with the line down the range where we cannot bring high-cube boxes through to Dalby because we cannot get them back down the range.

Mr RIPOLL—You have probably presented to us the best argument to say that you would use investment in rail directly. We have pursued this point. What guarantee does the taxpayer get for a huge lumpy investment in rail back the other way that it will be used properly? We have the Alice to Darwin line as an example of what we all believed would be a good thing and long term it will be, but it is not getting the use we thought it would.

Mr Humphries—We would say in our case that 99 per cent of the investment is already there. We are looking at only one per cent to achieve an incredible option just for our area. I think the efficiencies in transport on rail are going to be made by using existing infrastructure. It is already there. In this case it is just the one per cent that is causing significant damage in being a blocker. If you went to a private investor who had no shipping background but looked at the business case that we will put up, privatise that one per cent and they would make a fortune. Going back to the point that Barry made, we are not looking at anything that we cannot commercially back up. That is why it is important that Peter is here and that this is an industry-representative group as much as a social feel-good group. We want to back it up with the numbers and that will happen.

Mr Cottle—Barry asked me a question before which perhaps I did not fully answer: if we put this infrastructure in place, how do we get people to go back to rail? I think it will be through a cooperative approach. I will be blunt: my experience in rail is not that huge but I think there is some carryover from the old state-owned facilities et cetera. There are still some of those mentalities.

CHAIR—To be fair to QR—

Mr Cottle—I have nothing but praise for QR and the job that they do.

CHAIR—They are corporatised now. They have proven their worth in the Hunter Valley. They have competed with the big players. They have just gone into Western Australia.

Mr RIPOLL—They have also done some really great things in Ipswich as well.

Mr Cottle—I support your comments 100 per cent, but it is up to us, as users of rail, to clearly map out our requirements and say, 'These are our requirements, we can guarantee you 150 boxes a month, we need a train a week,' and such and such. Some responsibility then falls back on us to deliver. Once they have clearly defined usage models or whatever you want to call them, you can work cooperatively. I am now finding with Patrick PortLink in Moree that if we give them a month's notice and say, 'This is what our requirements are,' they have a far better chance of delivering us a service than if we were to ring up the week before and say, 'We want a train.'

Mr HAASE—In the coal industry these days it is ‘take or pay’. This is what we discussed yesterday in Brisbane.

Mr Cottle—Yes, basically. There are some hangovers in our organisation of the old days when you rang up and then three days before you wanted a train you cancelled it because the shipping line has done something different, but you cannot operate like that any more. Certainly QR or Patrick PortLink cannot operate like that. It is a cooperative way of getting the service to work. QR have been absolutely fantastic. They put a designated train on for us last year every Saturday, taking 40 boxes out of Dalby because we had the volumes going into China. I have no complaints at all with QR.

Mr RIPOLL—I might follow on with a couple of things, all linked to what we are discussing. One is the idea of a cooperative model or approach to try to get these things to happen because it is obvious from our inquiries and from what you are telling us that it is not a simple case of just getting people to sign up a long-term contract for 20 or 30 years. That would not be possible. You could not get yourselves to sign up. ‘If you invest, we will do this,’ gets a bit complicated. Maybe there needs to be some sort of direction from the federal government—perhaps where this committee is going—that we can offer some sort of cooperative model. There is one in the Hunter Valley. There are a number of cooperative models around the country that are very successful, where you can provide infrastructure, you can play a part in it and basically give people guarantees as to how to operate over a long period of time.

CHAIR—The Hunter Valley—what is it called, something ‘alliance’?

Mr RIPOLL—The coal chain alliance.

CHAIR—It is very effective.

Mr Aber—This is where Moree council is taking a proactive approach. It is about strategically getting all the links together, getting a knowledge of what volumes are there. There is a lot of anecdotal evidence around and that is why we commissioned this study. This whole study was about aggregating the task and putting forward a case: ‘Here we are, here’s a group of customers that can use the facility; what can you do for us?’ That is the approach we are trying to take.

Mr RIPOLL—You have stirred up a hornet’s nest.

Mr Moppett—I will just add to the current comments that have been made. Our group ran a survey of 30 businesses in our collective region, one of which included Namoi. Just to give you some idea of what we are talking about, the dollar value of total imports coming into the region was \$100 million. The cost to our small region of that importing was \$7 million. Total exports were \$2 billion, and that is just from our region. Those people included people like Graincorps, so obviously we had some very large operators and Namoi Cotton, with great volumes. But it also included regional and local support, such as the Gilgandra Marketing Co-op and various other enterprises such as the Tooraweenah lamb group that added their value at a very local stage. I guess what this survey reflects is that, from small to big, the benefits and the value are there. I think it is particularly important to understand that we are talking about a substantial amount of money, notwithstanding the current freight movement between the two cities. That is

just in our region. It is not the containers on the 1,500 to 2,000 trucks that travel the Newell Highway from Brisbane to Melbourne—it is simply our own internal movements.

Mr RIPOLL—With respect to this missing link on your map that you pointed out earlier, I have an interesting point and hopefully you can answer it. If that were to be built and the missing link were to be put in, how would you actually get more rolling stock or more wagons to service that, considering that you are having trouble now? What benefit does that missing link give you, apart from better access? How would you actually get the extra stock and movements through there?

Mr Moppett—They come up from the south.

CHAIR—Presumably, if you linked into the QR system, with a dual gauge to at least Moree, then those wagons would become available, would they not?

Mr Cottle—I would be quick to run to Moree, so they would increase the capacity that they are already coming down to Goondiwindi with and just run it through to Moree.

Mr RIPOLL—It gives you an extra access point and that missing link would then provide more rolling stock? There would actually be that option?

Mr Humphries—Yes. They are busting to get into Moree to go north—and they have had a couple of good shots, haven't they, Dave, in terms of trying to work out of there? They also want to come north. I suggest they have got their head around coal and any of the state issues at the moment—bigger tickets—but really they see this as quite an important link. We have had quite a few meetings with them. They are ready to roll.

CHAIR—The fact that ARTC has taken over so many of the arterial lines, the dynamic of it being disadvantageous to the New South Wales government has been largely removed.

Mr Humphries—I think the disadvantage to the New South Wales government has been very much overstated. I can say that we have been politically stymied in terms of our produce. When we were under the old CSOs—community service obligations—it was not such a big issue, but you cannot socialise industry totally. The state government really needs to get off its butt in terms of political will. Business does not recognise the state boundaries anymore. That is why we need the funds.

Mr Aber—As a region, as customers, we are not happy.

Mr RIPOLL—An unfortunate hangover from federalism.

Mr Humphries—But the federal government has to take a lead. That is what we are saying: you are the only people who can do it.

CHAIR—Have you finished?

Mr RIPOLL—Almost.

CHAIR—I just want to touch on one other subject before we wind up.

Mr RIPOLL—I was just going to finish on a simple point. You are obviously trying to do more and more work with rail. That is very admirable, but obviously a large component of what your industries and regions use is road transport. What are your main destinations—the port of Brisbane, Sydney? Where do the majority of your movements end up?

Mr Humphries—Container freight?

Mr RIPOLL—Container freight. Where does it end up? Sydney?

Mr Humphries—Most of it is Sydney. But, having said that, a lot of our freight goes by truck to Brisbane.

Mr Cottle—The bulk of the grain out of northern New South Wales would come through to Brisbane.

Mr RIPOLL—Which roads does it go through? Does it end up through the Ipswich Motorway or the Cunningham Highway?

Mr Cottle—Very much so. It comes up through Goondiwindi, through Millmerran, into the back of Toowoomba here, then down the range and on into Brisbane.

Mr RIPOLL—Through the Ipswich road.

Mr Cottle—Yes, very much so.

Mr RIPOLL—Currently, do you know—you may not know—whether they use the Logan Motorway toll road and pay for the tolls, or—

Mr Aber—I would think that the distribution point would be very much similar to that of the main Melbourne-Brisbane freight once it gets out of our area. We do know that the truck volumes almost double out of Moree at certain periods from the main north-south, Melbourne-Brisbane load.

Mr Humphries—Yes, we have all the stats on that.

CHAIR—Are you saying that all that grain now is on road?

Mr Humphries—Containerised grain.

CHAIR—Containerised grain, sorry.

Mr Aber—The bulk grain is going by rail south to Newcastle.

Mr Cottle—But there is also a lot of grain coming north into milling companies and things like that—the bulk of the domestic grain that comes into the mills here in Brisbane et cetera comes in by road.

Mr RIPOLL—You are still of the view, though, that, if we could improve the rail links and get that sorted, that would take trucks off the roads, that would take pressure off the roads—that would be an outcome?

Mr Humphries—Yes, very much so.

Mr Moppett—I will just add some anecdotal evidence. There is a processor in Narrabri who processes pulses for an Indian group. There is no doubt about it: the opportunity to put it on rail and send it north would be a distinct advantage rather than sending it slightly south. He would have to use trucks now to send it north; whereas, given a competitive opportunity to choose a cheaper freight opportunity, I think he would take it. So there are plenty of examples of small local business and even large national business, regional business, that would advance their cause and become more competitive by having this option.

Mr Humphries—Scary thought: we have been in six years of drought and still producing significant volumes of product. Two years ago was the last decent harvest we had out of our area, and the bulk of that grain had to be emptied out of our silos before the harvest came in. It was shipped to Newcastle. Newcastle was full. You could not get bulk grain into Newcastle two years ago, and you could not get into Sydney. That grain was diverted around to Port Kembla—out of Narrabri, Moree and up as far as Wieambilla. So you had a place that was 15 kilometres over the Queensland border shipping bulk out to Port Kembla. They are the sorts of scary things we face. When we get back to decent producing seasons, which we will, you will get that volume back. With the increase in coal that is emerging, we are going to have difficulties. It is going to jam up. And that is going to put more pressure back on the road system, which we do not want.

CHAIR—I want to clarify one point in my mind. Does the grain from either side of Goondiwindi and up to Inglewood still come in by QR through Warwick, down that way? I ask the question because I was in Warwick Hospital a year or two back with a kidney stone, and these trains kept going past the hospital. It is right near the track.

Mr Humphries—Certainly that line still operates.

CHAIR—I asked the nurse, ‘What’s that?’ and she said, ‘Oh, they’re the grain trains,’ so I assumed that there is still a fair amount of grain carried on that line.

Mr Aber—That line goes through to St George, though. There would be a lot of grain coming out of those areas.

Mr Humphries—Certainly Goondiwindi is a huge receiver—

CHAIR—I would like to finish—and we have really hit the end of our time—with a quick comment from you. What do you think about the Warwick submission of taking the line through

Legume and Woodenbong down to Rathdowney, as an alternative route down the range? Are you familiar with it?

Mr Humphries—I know the proposal.

CHAIR—It is not the Spicers Gap proposal, which I thought it was. It is quite different.

Mr Humphries—No, Legume is further south than that.

CHAIR—Yes.

Mr Humphries—My view has always been: make better use of what we have got first, and if that is not competitive then that might instigate new infrastructure. But for us—

CHAIR—But part of this new inland rail is going to involve crossing the range somewhere, be it Toowoomba, Spicers Gap or this Legume option. The standard gauge line has to go down to the coast somewhere. I am just interested to know what your view is on this new proposal.

Mr Aber—I really have not looked at it in great detail but my comment would be, if we are looking to the future, particularly with rail, we are looking at high-speed routes.

CHAIR—Correct.

Mr Aber—We would be looking at a route that would facilitate that. If it is away from urban areas for as long as possible, then you have to look at it seriously.

CHAIR—Their proposal was to double stack as far as Bromelton near Beaudesert and to disaggregate the train there and to go straight into the port on the standard gauge line.

Mr Humphries—I think Toowoomba is a key part of any development. It already has the infrastructure here to an extent and the service base—

CHAIR—Mr Cottle, a lot of your stuff comes in direct from Dalby, does it—Chinchilla, in that way?

Mr Cottle—Yes.

CHAIR—So there are other arguments for the Toowoomba Range?

Mr Humphries—Yes. The drop-off point—I think we talked about it in here—the synergies are north-south, with drop-off points into Port Kembla, Sydney, Newcastle, Brisbane, Gladstone. You pretty well have those arterial lines now anyway. It would make sense, I believe, to upgrade those first. I do not think we need any new drop-off points down to the coast. I think the Warwick proposal to an extent has been driven also by the New England proposal, which has been canned in terms of cost and efficiencies and it is just too damned hilly for a start—it is not going to be competitive. As Warwick has said, we want something flat and fast. We do not want whistle stops. We want key drop-off points and key ports up country. We talked about the coastal

frontier; now we are talking about the inland frontier. The inland frontier is fast and flat. That is where the synergies are economically—north-south, not east-west.

CHAIR—I am sorry to have to wind you up. This has been a very interesting session. As you develop that other study, even if you get it in draft form, could we have a look at it?

Mr Aber—Very much so. It has ‘confidential draft’ on it because it has not been through the council process, so just bear that in mind. If you want to release something from it—

CHAIR—The fact that we passed that resolution means that everyone in Australia will have access to this in a couple of days time. Sorry about that.

Mr Aber—That is all right.

CHAIR—Please come back to us with that. Mr Humphries, I would like you and your group to have a look at that Warwick option. We would like to hear your comments after you have had a look at it. We will be sending you a copy of the *Hansard* draft for any editorial corrections.

Mr Moppett—Chair, could I indulge you by asking for the opportunity to send you a submission from my particular group?

CHAIR—Of course.

Mr Moppett—It is very supportive but it is slightly different. It only adds weight to the Moree discussion but it is a different group and the opportunity would be invaluable.

CHAIR—Yes, we will accept a late submission from you. Get it in as soon as you can because, as I said, we are getting close to the writing stage. So you need to get it in and if we have a slot some time we will give you an opportunity to perhaps come to talk to us in Canberra.

Mr Moppett—I would love to.

CHAIR—Thank you very much.

[11.34 am]

DRABBLE, Mr Ross, Works Manager, Ipswich City Council

WHITE, Mr Gary Stuart, Planning and Development Manager, Ipswich City Council

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

Mr White—I appear on behalf of the city council to present an overview from a planning perspective of the issues that would impact on Ipswich as part of this study.

Mr Drabble—My contribution will be in the area of transport infrastructure, both some of the present issues and forecast future ones.

CHAIR—We are not going to ask you to give evidence under oath, but I have to remind you that these are proceedings of the federal parliament and they warrant the same respect as proceedings of the House itself. It is customary to remind all witnesses that the giving of false or misleading evidence is a serious matter and can be considered a contempt of the parliament. Having said that, you are most welcome. We thank you for making yourselves available today because a lot of the evidence we are receiving here in south-eastern Queensland channels back to the Ipswich corridor, so the views of your council on how various things might be handled and what alternatives might be invoked are important to the committee. You do not have a written submission. Could you please advise your council that, if they want to flesh out the points that you make today into a more representative submission and can get it to us in the next few weeks, we would be happy to accept it as a late submission. Are you going to lead, Mr White?

Mr White—The issue we would like to put basically is that south-east Queensland, as most people probably know, is undergoing immense change. One of the engine rooms for that change is the population growth and the employment opportunities that are being created in south-east Queensland. Ipswich sees itself as having an opportunity to make a major contribution to the whole management of both employment and residential growth in south-east Queensland. It is a corridor which in the past has had a long history of success in being a jumping-off point for exports from and imports into south-east Queensland.

Over about the last 30 years, though, with growth concentrating on the northern and southern corridors, it has probably fallen behind in some respects. Having said that, it has also presented a huge opportunity for the city and south-east Queensland, because we have been able to put in place a fairly robust strategic planning framework which has subsequently been adopted by the *South East Queensland regional plan* and acknowledged in the *South East Queensland infrastructure plan and program*. It presents huge opportunities for both employment and future residential growth.

I have distributed copies of the *Ipswich 2020 and beyond* plan to the committee, and what is clearly shown there in purple is the huge opportunity for industrial sites in that western corridor to complement incoming transportation opportunities. The significance of those employment

centres is that over about the next 20 to 40 years it will represent something like 40 to 50 per cent of the available employment, industrial and service industry land stock for south-east Queensland. So it really does present huge opportunities for the western corridor. It also presents opportunities as the jumping-off point for various logistics, transportation and distribution frameworks.

As the urbanisation continues in Brisbane and some of the other areas, the capacity for a great deal of that transportation and distribution framework is being limited by the amount of residential growth that is appearing and the amount of conflict that is occurring with residential traffic. The allocation of those areas as part of a longer-term strategic framework by Ipswich City Council is now acknowledged in the regional plan and presents huge opportunities for the future of the industries in those areas. This obviously needs to be complemented by the types of transportation and infrastructure that would feed in to that gateway location that is presented by the plan.

Whilst a lot of the more traditional land use planning—the allocation of the land and the regulatory frameworks—is very much a local government and state issue, the engine room for change and the capacity to implement much of what is shown on that plan for a city with employment opportunities of 300,000 plus is very much influenced by the federal government and the way it may or may not invest in this infrastructure or contribute to the process. So, although there is not a direct regulatory role in achieving some of what we are showing here as a regulatory planning framework, the capacity to influence the outcomes is very much something that we would be looking for out of this inquiry.

The other issues that we would briefly take you through are the fact that the city presents itself in that employment base as both a real industrial production area and a logistics distribution opportunity and also the associations with the aerospace industry and the defence industry at the RAAF Base Amberley, which is potentially the largest base in Australia. There are huge opportunities for spin-off facilities that will come from that process. There are also the opportunities to expand the Purga-Ebenezer area—and that is that very large parcel that you see on the western side of the map—and for that to take on the role of an inland port. That is a term that has been used quite widely as part of our regional planning framework. There is also the opportunity to connect the Ebenezer-Willowbank-Purga inland port area to the Bromelton areas down in Beaudesert shire and to connect the railway to northern New South Wales.

So it is a tremendous strategic platform, if you like, that has been created because of this framework that has been put in place by the city's planning. To some extent, the opportunities were reserved because it did not get caught up in the same development growth that some of the northern and southern corridors of south-east Queensland did, which has possibly compromised some of the employment and logistics opportunities in some of those other areas which have gone through residential development.

Mr Drabble—I would like to tuck into two areas: firstly, some of the infrastructure constraint issues that the Ipswich community is experiencing at the moment, particularly in relation to the Ipswich Motorway. I know they are well known to people in both federal and state jurisdictions, but quite clearly the program of investment that is contemplated by both state and federal governments for improving the capacity of the Ipswich Motorway and getting a better delineation between freight and passenger motorists is an important initiative to address a

current problem. Feeding on to Ipswich Motorway and Cunningham Highway, we have seen a lot of recent developments in both commercial and industrial areas within the Ipswich jurisdiction. Quite clearly they are placing increased pressures on local government roads and, because of the nature of the vehicles that travel on those roads—B-doubles and combination semitrailers—the damage to local government roads is quite excessive, yet it is a cost borne by local governments.

On the future position, Gary pointed out the proposed inland port concept. It is a concept that appears in state government language as well, and quite clearly it offers a good long-term solution with the integration of transportation, warehousing and distribution. As Gary also mentioned, access to that site it is not compromised, as many other landholdings are along the eastern seaboard. Therefore, I think there is an opportunity for the federal government to provide leadership on some of the developmental and planning work that is still required to identify and quarantine strategic transport corridors which will later follow with the infrastructure. On that point, the difficulty we have as a council in a regional context is in addressing some of those overlapping issues that affect a combined set of local government jurisdictions. Therefore, I think there is an opportunity for federal government to step in and provide some money for studies identifying corridors and some preliminary infrastructure investment.

CHAIR—As I said earlier, the evidence we have been receiving in Brisbane yesterday and from the Toowoomba witnesses and Warwick witnesses is that this road freight especially, and to some extent even rail, is going to congest in the Ipswich area. It was a bit alarming to hear the previous witnesses say that so much of this specialised grain transportation now is going on road. All those trucks are going to come through that Ipswich funnel. We also received evidence yesterday that the area from Hervey Bay to Coffs Harbour will soon contain a quarter of the population of Australia. We need then to have some sorts of strategies to alleviate the problem in places like Ipswich. Some of the evidence we have received has recommended bypassing Ipswich completely. One case, for example, from the Warwick and Cunningham groups was to take the Melbourne to Brisbane line, the inland line, to come up the Inglewood-Warwick connection, go around through Legume and Woodenbong and come out at Rathdowney, where the trains would be double stacked as far as Bromelton and then disaggregated at Bromelton. Do you have a comment on that?

Mr Drabble—I do not know about the viability, but operationally it is as feasible as the original concept of the inland route. My view is that the inland route is a very long-term solution. My recollection is that five years ago it was in the order of \$1.3 billion to upgrade those parts of the New South Wales and Victoria networks and then connect from Goondiwindi into, I think, a section of line near Texas to get through to the port of Brisbane. What we offer in terms of a logistics solution at Ipswich is something that is intermediate between the current ARTC investment in the seaboard rail route into either Acacia Ridge or the port of Brisbane and an inland route. We are suggesting that, if the inland port at Ipswich is connected into the east coast standard gauge network and is therefore accessible to QR, Pacific National and other interstate operators, it has the advantage of creating a more critical mass on the investments that are now being undertaken on the seaboard rail route. It provides a solution in terms of proximity to the port of Brisbane and other warehousing distribution areas in the Brisbane CBD area, but offers a—

CHAIR—More specifically for Ipswich—for example, from that Ebenezer-Willowbank area—have you identified a link? Are there corridors identified into the main state rail system, for a start, and then where would they come across to the interstate line? Is there a corridor plan for that industrial area, or is it only in its preliminary planning stages?

Mr White—In the regional plan, that was shown as an acknowledged link between the two areas, both the Purga-Ebenezer area and the connection south to Bromelton. It was acknowledged as a necessary connection between the two areas.

CHAIR—As a direct line?

Mr White—As a direct line.

CHAIR—Do you know what the notional costs are for that?

Mr White—No. It is something that is being looked at in a great deal of detail by the Coordinator-General's department because of the opportunities presented by both Bromelton and the Purga-Ebenezer area complementing each other as two facilities. I suppose one of the great opportunities that the Ipswich western corridor presents is the opportunity of the fairly sizeable complementary industrial land allocation stock that goes with it—as I said before, 40 or 50 per cent of the available stock for south-east Queensland to complement the other uses coming through.

Also, the debate and discussion has revolved around the fact that the products produced in those industrial areas, in that industrial land stock area, would also need to be distributed back into the system, with export opportunities that might be created as a consequence of that. So the importance of relating both the industrial capacity of Ipswich and its logistics capacity and creating synergies with the Bromelton area have been looked at as part of that corridor.

Mr Drabble—So we would see it as a preferred solution to an inland route, although the inland route services a wider and different market. But in terms of particularly the main capital to capital—the Melbourne-Sydney-Brisbane—corridor, the Ipswich industrial development proposes an incremental capital cost upon the existing network, which is probably reasonable in terms of providing the increased capacity, compared with, say, moving from a coastal rail solution to an inland rail solution, where you are up for a huge capital cost. I think the ability to put a business case forward for the types of investment that you are looking—

CHAIR—We have been told that the coastal route, which is now taking 17 per cent of the rail freight task, will peak at about 30 per cent, to a maximum of 35 per cent; whereas, on the east-west corridor, it is 80 per cent. The inland route then becomes almost a necessity, doesn't it?

Mr Drabble—It might peak at 35 per cent of market share, but that is not as a consequence of the capacity on the rail route.

CHAIR—No, not market share; I am talking about the freight task.

Mr Drabble—Yes, that is what I mean. Thirty-five per cent of the freight going down between, say, Brisbane and Melbourne—

CHAIR—Brisbane-Sydney-Melbourne.

Mr Drabble—yes—will be on rail and the remaining 65 per cent on road. It is more a consequence of the origin-destination characteristic of the freight movement rather than, say, the terminal Acacia Ridge to either Enfield or Dynan in Victoria. So it is more a function of the inherent characteristics of road transport compared to rail. You know this as well as I do: the comparative advantages of rail lie in the movement of bulk freight—that is, the coal and grain issues that you were hearing about yesterday—or alternatively where you have consolidated container loads from terminal A to terminal B. Once you start bringing in a wider network of distribution from terminal A and terminal B and you have a short lead between terminal A and terminal B in terms of either road or rail distance, then the characteristics of road and rail start switching over. That is, on shorter leads and high terminal costs, road will be superior to rail.

CHAIR—Yes, of course.

Mr Drabble—Therefore you are always going to have a fairly high proportion of road transport on, say, the Brisbane-Sydney or Sydney-Melbourne links.

CHAIR—I think I will now swing to Mr Ripoll, because this will be this will be a rare opportunity for him to get you two on the record!

Mr RIPOLL—There is no doubt that through the hearings of this committee we have heard a lot about the need for improved infrastructure in rail. It is very important if we are going to meet the freight task into the future. But at the same time there is a huge pressure building on a whole range of roads, particularly on the eastern seaboard. And we have just heard evidence again today which reinforces that there is pressure building up in the Ipswich region, the Ipswich corridor, which probably has the greatest amount of pressure funnelling through it and of course funnelling through the Ipswich Motorway. So there is no doubt that, no matter what else this committee might do in reference to improved works in rail in the long term, there has to be a solution, and a reasonably fast solution, to the Ipswich Motorway. I believe one already exists, and we are in a sense part way through that solution, but I think that the federal government obviously, in conjunction with the state and with local government authorities, should get on with that task of improving those roads. I think the evidence being borne out by a whole range of witnesses about the pressure coming from interstate and all of the freight funnelling back through, whether it is through the Cunningham or the Warrego, back onto the Ipswich Motorway is significant. First off, you might make a comment about that pressure that is going through to the city of Ipswich.

Mr White—There is no doubt about the pressure, but I think the other really important issue is the opportunities presented. I made comments before about the growth pressures, and the chair made the comment about Coffs Harbour and Noosa. There has been incredible growth along those corridors, but it has probably been the opportunity that has been created by that pressure that has enabled the western corridor. The second plan that I gave you shows the Ipswich area as being much more than just a local government; it is a subregional piece in its own mind by virtue of the fact that the council—and state governments, to some extent—have had the opportunity to call ‘time-out’. We do have this unique opportunity to put in place the type of infrastructure that will be needed to meet the demands and challenges in the future—opportunities that have probably been compromised in other corridors.

Whilst we do have these immense pressures at the moment, we are also in the unique position—and we probably have a window of opportunity over the next five to 10 years—to put in place some fairly robust frameworks that complement some of the broader issues that have been raised by the members at this forum. One of the key issues that also comes out of that is that in putting together that planning framework, the appropriate buffers and the appropriate corridors are already in place and they have been safeguarded as part of that strategic process that Ipswich has been able to undertake because it has not had the pressures in the past. It actually presents us with some of the opportunities that have potentially been lost.

CHAIR—What is your preferred corridor for added capacity from Ipswich to Brisbane? Is it to increase the current corridor itself, to have an alternative corridor or is it a bit of each?

Mr White—I think it is a bit of each.

CHAIR—Can you describe it for the committee. We drove through it yesterday and we are going to drive through it going back today, so it gives us a chance to see it first-hand.

Mr White—If you had a situation where you could call ‘time-out’ and nothing happens for the next five years then the opportunity to upgrade the current piece of infrastructure is presented in its entirety, but I do not think you have the reality and the luxury to do that. What we see is the necessity to look after the existing infrastructure and to complement it with additional infrastructure. My response to you is that it is a bit of both.

CHAIR—How many lanes each way do you need to Brisbane?

Mr White—I am not a traffic engineer and I would not want to say. I would think that, by looking at the Gold Coast Highway and looking at the impact that the Gold Coast Highway had on regional development, you would want to have something of equal quality.

CHAIR—Eight lanes?

Mr White—Eight lanes. I am not traffic engineer.

CHAIR—What is your take on that, Mr Drabble?

Mr Drabble—I hold the same view, but the eight lanes would need to be between, say, Ipswich and a point nominated in the Brisbane area. You get the funnelling into—

CHAIR—If you come to a funnelling point, it does not matter how many lanes you have, the problem just compounds itself, doesn't it?

Mr Drabble—It does.

CHAIR—Is it the wish of the committee to accept as exhibits the three documents and notes in anticipation of your submission and to authorise them for publication? There being no objection, it is so ordered.

Mr RIPOLL—An interesting development came out of many of our hearings. I think you have described it well in saying that Ipswich is more of a region than just a town or a city; it has a lot of interstate traffic and freight and it becomes a collection point for a lot of movements. Often regions break out of the ‘local-state government only’ responsibility basket. I think that with all three levels working together, it becomes a bigger task and you have to look for bigger solutions as to how we deal with those transport issues, because of freight coming from interstate and it being a collection point.

Mr Drabble—That is spot on because it is beyond a single jurisdictional issue. I think there is a real opportunity for the federal government to provide the oversight and strategic perspective for a solution for south-east Queensland but with the region containing Ipswich as a central plank in the solution. The industrial estate and the inland port that is being proposed are strategically positioned in relation to the Brisbane metropolis. As Gary has pointed out, it does not have the same boundary conditions or constraints attached to either entry points or exit points that some other areas have. Logistically, it is a potentially good solution and it is a solution that does not necessarily have the same high infrastructure costs that, say, inland rail solutions might provide. Therefore, it presents itself both as a short- and medium-term solution for which there should be a reasonably strong business case. None of that has been tested.

CHAIR—With the Ebenezer Purga solution, you are saying that you move some of the critical mass that has two functions: it becomes an assembly intermodal point and then it takes the industrial dynamic of the 300,000 people that eventually are going to be in that area away from the city of Brisbane and into its own environment. Is that the idea?

Mr White—It is exactly what you have said, but the situation is that there is going to be a residential population, ultimately, under the framework that I showed you, of half a million people. But there is also the capacity to create 300,000 jobs in that region, and that is a significant issue. It is probably one of the few areas in Australia which has the potential to not only have the residential population but also have the employment. It brings with it the added benefit that if we can keep the residents working, playing and recreating in their own areas, the functionality of the pure local government side of things can be contained within our boundaries so that people are not having to travel all around the subregion to gain employment.

CHAIR—I suppose this is a bit of a sideways question, but can you see Ipswich becoming more like Parramatta did when Sydney became too big for itself? It became the second city—

Mr Drabble—It already has.

CHAIR—It has, but to an even bigger extent, I am saying.

Mr White—We believe that it is going to go beyond what Parramatta has done. We also believe that is probably going to occur because of the opportunities created by the strategic planning as opposed to it happening by accident.

CHAIR—I see what you are saying.

Mr White—It is going to be deliberately contrived and influenced by the sorts of things that we are talking about today. The comment that Ross made before, which is very significant, is

that local government only has a certain capacity in terms of delivering its share or its role with regard to that distribution of residential employment that I talked about before. But with Ipswich being a subregion, it also then has a regionally significant role to play, it has a state role to play and it probably has an eastern seaboard role to play as a delivery platform for a vision for what the whole of the eastern seaboard will do in terms of employment, export et cetera.

Mr HAASE—I keep stumbling over my lack of familiarity with the geography of Queensland, sadly. However, you would be aware that yesterday we received a very strong submission for the Bromelton solution. Over the two days we have, of course, heard the Warwick solution as far as the inland ‘flat and fast’ rail system is concerned. I realise that your argument is well justified. You are obviously here to promote the future of Ipswich. Just as most of our proponents are acting on the basis of self-interest, so should you. But I have developed a preference, with the little knowledge I have, for the Warwick solution and I can clearly see that if that was adopted it would shoot your proposition in the foot, well and truly. Inland rail would need to go through Toowoomba. You would need to convince whichever body is responsible for being the lead agent in that regard in the decision-making process that Toowoomba’s solution was the right solution. That would take the body of product through Ipswich to allow you to develop that additional infrastructure that you speak of, which would be the future. By the way, what is the unemployment level in the Ipswich area? Is it something you know perhaps, Bernie?

Mr RIPOLL—It is about the state average, I think. Last time I looked it was pretty low.

Mr HAASE—Not the national average, five per cent?

Mr RIPOLL—No. I do not know the exact figure, but it is actually better. It is about the state average.

Mr HAASE—So the question goes to your statement about there being X number of potential jobs. I suggest to you that we do not have the employees to fill the jobs. That is the major problem in developing Australia today, across the nation. I wonder if having a Bromelton link up to Ipswich and maintaining the Bromelton proposition would allow a mixture of both your aspirations and those of Bromelton, to develop their industrial area, might be a compromise without having to afford the additional high cost of the Toowoomba solution.

Mr Drabble—I am not familiar with the Bromelton solution, so I cannot comment on that.

Mr HAASE—The proposition is that a major intermodal hub be created there so as to allow the double-stack of containers coming up flat and fast from Melbourne to then be broken down to a single layer through to the port of Brisbane, and that distribution for this whole area would take place from Bromelton, contrary to your proposition that it take place from Ipswich. You can understand that, for every proponent who comes to this committee, their solution is ‘the’ solution and we have to somehow sort the wheat from the chaff.

Mr Drabble—From the way you describe it, I would think the two solutions are very much akin to each other, apart from the destination points. Gary is probably better placed than me to comment on this, but I believe the Ipswich solution, with some of the other infrastructure—both road and rail infrastructure—that is near to our proposed development and the residential take-up that we contemplate in the Ipswich area, better matches a development at Ipswich. What we are

looking at is an integrated and complementary set of developments, whether they be residential, commercial or freight.

Mr HAASE—You certainly have the critical mass.

Mr Drabble—Yes.

Mr RIPOLL—I might just add something here for the record because I think we have crossed our wires slightly. The Bromelton—that is, Beaudesert—solution of freight has no bearing on what Ipswich is doing in its own industrial development. It is not one or the other. The freight coming up through to Bromelton would be a stand-alone case, no matter what Ipswich did in its own development industry to take care of freight, transport or anything else that would come through there. The Ipswich solution in itself is more about handling or integrating what is currently going through there, which will not diminish no matter what happens. It can only increase. If Bromelton were to go ahead as a solution rather than Toowoomba, either/or is complementary to Ipswich anyway.

Mr HAASE—So the bottom line of your statements today, as far as your needs from the federal government go, are what?

Mr White—The bottom line relates to the need for the inland port facility at Purga-Ebenezer to be acknowledged as potentially complementing whatever might happen at Bromelton in association with the connection between Bromelton and Purga-Ebenezer. As has been said, the Ipswich corridor and the road freight or whatever comes down from Warrego and the Cunningham Highway is still an issue. It will be an issue. What percentage? I am not in a position to say that, but it is not an and/or. I believe it is both of them working in a complementary way.

Mr HAASE—That is a good negotiating position.

Mr White—But I think the reality is that it is going to be that, and that is why there is such serious consideration going on about linking Purga to Bromelton.

CHAIR—I am sorry I have to wind up here, but I will ask you a last question—and I am not asking you to stray into the political agenda but I am speaking broadly. If you had a message from Ipswich City Council to this committee, what would your top priority issue be at present with this arterial road and rail system and connectivity to the ports? What would your priority recommendation to this committee be? You can flesh this out later in a submission, but just give us the flavour. If I could wave a wand today and give you the one thing you wanted, what would it be?

Mr White—Ipswich and the western corridor is a solution to the overall planning in south-east Queensland. It is also a solution to the longer term planning of export out of south-east Queensland, out of the eastern seaboard. They are opportunities that could be lost if we do not put in place some mechanisms at the moment. They are opportunities that are being forgone by not being able to get people out there into those right spots at the moment because of the throttling that is taking place with the current quality of infrastructure. So the message that is obviously coming from us is: the sooner the better, because the opportunities that the western

corridor presents are just waiting to be tapped into. But they will not necessarily be tapped into to their full extent until the appropriate high-level infrastructure that is required to service it is in place, and it is a clock that is ticking.

CHAIR—Thank you very much for your evidence. We look forward to your submission, if you wish to put some of this down on paper and flesh it out a bit more. We thank you for the trouble you have gone to today in coming to see us.

Proceedings suspended from 12.11 pm to 12.30 pm

SHORT, Mr Douglas Harold, Director, Trans Bulk Haulage Pty Ltd

SIMON, Mr David Morgan, Vice Chair, Australian Trucking Association

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

Mr Short—I am the owner and director of Trans Bulk Haulage, here in Toowoomba.

Mr Simon—I am the Managing Director of Simon National Carriers. I am not related to Doug but I have joined him back in town at times, so I have joined him for this opportunity. I am also the Vice Chair of the Australian Trucking Association, so I will be putting forward some of their views as well.

CHAIR—Gentlemen, we are not going to ask you to give evidence on oath, but I have to remind you that these are proceedings of the federal parliament and warrant the same respect as proceedings of the House. It is customary to remind all witnesses that the giving of false or misleading evidence is a serious matter and could be construed as a contempt of the parliament. Having said that, you are most welcome. Who will start?

Mr Short—David, you have the ATA perspective, so you can give that.

Mr Simon—I am happy to do that.

CHAIR—Give us an overview of about five minutes, and then Mr Short can add something if he would like to.

Mr Simon—I will try to summarise the ATA's submission. The focus is on regional and port access—intermodal issues. The ATA certainly feel that we currently do not have enough investment in roads, whether they are intermodal or major arterial roads. That certainly is having an impact on the economy overall and our ability as an industry to cost-effectively service the economy, whether that is road or rail. There is a need for investment in both road and rail infrastructure in regional areas, in arterial roads and in metropolitan areas.

You can talk about intermodal inland ports, if you like—intermodal terminals and inland servicing of port. My view is that there are very limited areas where that would be effective. Doug will probably comment on that more, but in Toowoomba, for instance, there is an intermodal interface already in Toowoomba. The irregularity of service, and the inability to get regular services and the closeness of Toowoomba to the port mean that the ability to use that service is fairly limited. Not a lot of containerised product comes out of this area and most regional areas. Most of the product is bulk and is shipped from the port in bulk. An intermodal interface would add a lot of cost to that process of packaging—into bulk bags, for instance, to be containerised—and loading those into the containers. The intermodal interface itself, where there is a short lead-in to the ports, does not add value.

I have a personal view that perhaps with some longer distance areas—and Doug might like to comment now—something like the RoadRailer system that is used is more cost-effective than

intermodal, where, if there is a regular service, you can drop a trailer, a RoadRailer, into a rail head at Roma, for instance, and RoadRailer tippers turn up at the other end and are moved to the bulk tipping area of the port and back again to rail. It then becomes a short road haul to an intermodal interface by rail to the road vehicle in the port. I think that concept has a lot more potential than intermodal containers.

Mr Short—Leading on from that, before that actually works we really need to have a railway line that is able to service this. It is very limited from the Darling Downs to the port of Brisbane.

CHAIR—Let us get into questions. I have been on this committee for many years and we have been told how marvellous some intermodal activity is going to be. But when it gets down to the short strokes and you have to put the infrastructure on the ground, nothing much happens. Parkes is a case in point. Even before I got into politics, when I was in regional development, I was told to go to Parkes because we were about to see the eighth wonder of the world. I have been to Parkes many times over the last 30 years and, although there has been some movement in recent times, it has not become the great intermodal inland port that was predicted.

We were thinking of places like Shepparton, Parkes, Moree, Toowoomba as being intermodal, but a lot of the evidence that we are getting now is that—like Bromelton for Brisbane, and I forget the names of the ones for Newcastle and Port Kembla—there is a need for intermodal hubs in the immediate hinterlands of the big provincial coastal cities still on the coastal plain. What is your vision for hubs and what is the essential ingredient that drives a hub or an intermodal interchange? Is it dependant on having short-haul sprinter trains getting the stuff there quickly or is it the logistics of the product being carried or processed in that area? Give us the flavour of what would trigger a good intermodal interchange.

Mr Simon—First and foremost, you have to have freight that is suitable for intermodal transport and containerisation. The hubs you are talking about—Bromelton and those areas where you are saying there is a demand and people see a need for hubs in those areas—are largely to service the metropolitan areas because of land shortages closer to those sites. It is going to be predominantly long-distance freight rather than short-haul freight that is going to be servicing those hubs.

CHAIR—But there is a short-haul component from there to the port?

Mr Simon—Yes. The need has arisen simply because it is not cost effective to get land at Acacia Ridge in Brisbane, for instance. People have to move to get those large parcels of land for an intermodal terminal to Bromelton—it is not because there is a need at Bromelton or anywhere else. It is the cost of land and the availability of large parcels of land that is driving that desire. If you do not have freight that is suitable for intermodal transport, it is pointless having an intermodal terminal.

CHAIR—Don't you also have to have reasonable access to the major highway and an arterial rail system?

Mr Simon—Yes.

CHAIR—Are they two other ingredients?

Mr Simon—They are. First and foremost, the freight volumes must be suitable.

CHAIR—What does the Australian Trucking Association look for? What are you looking for in this inquiry in terms of that? What guidance would you give us?

Mr Simon—The principle guidance we can give you is that more investment is needed in roads and rail. There is more investment needed in infrastructure. The other point that I did not move on to is that we need consistency of regulations. We can talk about Doug's letter to you. I am talking about how we have some weight limits on local roads, where the product is actually coming out from. Then, when we get on the arterial highways, we are allowed higher mass limits. We cannot carry those higher mass limits because we have that five-kilometre lead-in to that road. So we have inefficient trucks running on the highways. Within states, we need to get some consistency of mass limits and other regulations and, beyond that, we need consistency between states.

CHAIR—With great respect, we have to present a report that is argued. We cannot just make the sweeping statement: 'We want more money on roads and more money on rail,' without quantifying and prioritising where that might be. It becomes a wish list. Your opponents are quite vocal in saying that, if there were a proper balance between road and rail, there would be road user charges on the road. Your competitors say that. So perhaps your association might like to come back to this committee and give us some specifics of where these particular problems are more prevalent and what your model would be for an intermodal hub. Give us a few examples of where you think they should go. Would you be able to come back to us with that?

Mr Simon—We would be happy to do that. To address the issue you raised about road user charges and paying our way, we have had the National Transport Commission's first and second charges determination. The third charges determination has been voted against. Each of those studies has set out to recover our costs of road use and road wear through the diesel excise we pay that is allocated to us as a road user charge and through the registration allocation. We are paying our way through those means.

We are looking forward to the Productivity Commission's analysis of that and the railway's means of paying for its infrastructure as well. We would always welcome a transparent means for both parties. I use quite a lot of rail; we have 120 rail containers operating predominantly between the east coast and Western Australia. We want to see a transparent, cost-effective means for both parties: road and rail. We can certainly come back to you with some suggestions on where we would like to see the money spent. We have participated in the CEDA report, which has highlighted the need for infrastructure spending and has given a bit of a wish list, if you like, of where we would like to see that money spent. We can refer to that.

Mr RIPOLL—One of the things that we are looking for from this inquiry is efficiency or productivity gains in specific areas. So if there is a particular intermodal network that you have identified where there is a glaring gap or some sort of deficiency that your organisations have identified we would be really interested to hear exactly what that is, what the benefits would be and the investment needed.

Mr Short—Our submission was really just a personal one from our organisation about the inefficiencies which we put up with every day. We have the latest equipment, which has all been

built to carry extra weight. Under the National Heavy Vehicle Accreditation Scheme trucks are allowed to run at 68 tonne on federal funded highways but my trucks never run at 68 tonne, mainly because we source all of our bulk products off the federal funded highway. So we are running four to six tonnes below what we can actually pay, so that is certainly detrimental to our operation. We have the opportunity to carry more weight, and on certain roads we are allowed. But certainly that is not very productive.

Mr HAASE—On that very point, isn't it pure logic that that will always be the case and that it is not an area that you can pursue efficiency in? You are going to have lesser and greater roads and the lesser roads are going to have a weight restriction on them, which will always be for a lesser mass than your more substantially engineered roads. Surely that is not a logical area to look for those sorts of efficiencies in. If I could go further, I asked a question on Tuesday in Newcastle about this eternal dilemma as to whether or not governments should insist by way of charges that intermodal hubs be used or allow it to be commercially driven. I understand the nature of what drives the necessity for an intermodal hub. Firstly, it is a corporation wanting to make a quid, and if you can make a greater one by breaking down and then bulking up on, or vice versa, a particular commodity at a location, you are going to agitate for the government to create that intermodal hub. How do you view the alternative point of view whereby governments say, 'We are going to create an intermodal hub and, one way or another, we are going to force you to use it because it will be cheaper than buying back a corridor to a port,' or something similar? Could you reflect on that for the record and for our benefit?

Mr Short—I am talking about the situation as it is today and how we could become a lot more productive. That is certainly an alternative, but I imagine that will be many years away from today. But I think that concept is possibly a great idea.

Mr RIPOLL—If you have solutions to these problems—for example, the weight load limits that you have suggested—then let us know. It is obvious, as Barry pointed out, that there are going to be roads of lesser weight-bearing capacity. We are looking for solutions to these things.

Mr Simon—Some states, New South Wales and Queensland, to some degree, are looking at where they can upgrade their roads. Once they have decided they will do that and have started identifying roads which can be opened up, it is not that hard a task to do that. There has been a reluctance to do that in the past and so it has been a blanket 'no'.

Mr HAASE—Do you believe there is some artificial restriction? If so, would you care to identify the motivation for there being such an artificial restriction? Surely it is not sheer bloody-mindedness.

Mr Simon—One example of an artificial restriction is the Queensland Department of Main Roads versus Queensland Transport. They have different views about what roads should be appropriate. Engineers want to protect their roads. Queensland Transport wants to look at what is cost effective overall, which might mean destroying some roads.

Mr HAASE—But less trucks on the road.

Mr Simon—Less trucks but heavier trucks, consuming more road, if you like. There is a cost in that but then looking at the other ancillary costs of running more trucks on the road, having

more congestion and everything else, what is best for the economy overall? If the engineers have the final say, then the outcome we see is more trucks on the road, more congestion and all those other costs which might far outweigh the cost of extra road consumption. So the engineers should not have the final say. In some states they have had the final say.

Mr HAASE—So, Mr Short, you would disagree with me to a point in that you fear that there is some bloody-mindedness involved, that with a more accurate analysis of the road conditions and the engineering of those roads you would get a greater degree of access—maybe not total, but a greater degree of access?

Mr Short—Exactly.

Mr HAASE—That is interesting.

Mr Simon—Simply looking at where the bottleneck is, you need to consider whether it is a bridge that stops it, a road condition which stops heavier access rather than saying, 'It's only these federal roads.' You need to look at the other roads.

CHAIR—Mr Short, you have highlighted in your submission land transport access to Brisbane. We have talked about this with the previous witnesses. Do you see any other solutions bar the eight-lane Ipswich to Brisbane model taking trucks backwards and forwards? Are there other solutions to the Ipswich problem and if so what do you see as the solution?

Mr Short—Are you referring to the Ipswich-Logan motorway only?

CHAIR—From the western side of Ipswich through to Brisbane—whichever way you are going, whether you are going by the Logan or going down through Wacol and so on. What do you see as the solution?

Mr Short—I think we need a new road, actually, which I think is what the plan is at the moment. I think it crosses the river twice and then swings back onto the Logan motorway, completely going around the present Ipswich Road.

CHAIR—Does the existing road need to be widened to six or eight lanes as well?

Mr Short—Which do they do? They do one or the other, but it should have been done five years ago.

CHAIR—Is that your feeling from your company's perspective?

Mr Short—I think it is the feeling of everyone who uses the road.

CHAIR—You are the witness. We want to hear from you.

Mr Short—It is just that that section of road is a damned disgrace. That is all. For the amount of traffic that uses it every morning and every afternoon, the accidents and hold-ups that occur there and the people who have been killed there, it should have been done five years ago. And it is going to be another five years before anything is done anyway.

Mr RIPOLL—Do you mean the upgrade?

Mr Short—Yes. Regardless of what they do—whether they widen the present road or build a new one—it does not really matter; it is all going to be a huge improvement.

Mr RIPOLL—You say build another one, but are you currently aware that the other one only takes you to the toll road?

Mr Short—Yes. That is all right. It is certainly going to relieve a lot of congestion on that section from the Warrego highway through to Goodna.

CHAIR—You are a bulk haulage organisation, but what do carry most of the time?

Mr Short—Grain and fertiliser.

CHAIR—Grain down and fertiliser back?

Mr Short—That is right.

CHAIR—Where are you based?

Mr Short—We are based in Toowoomba.

CHAIR—How far west do you go?

Mr Short—We go down to Narrabri and Moree and out to Roma as well.

CHAIR—So that is your general field.

Mr Short—Correct. And all back into Brisbane.

CHAIR—Is Brisbane the main port you deal out of?

Mr Short—Correct. Every truck is in there every day.

CHAIR—You also said in your submission that restrictions affect the movement of bulk commodities. What are some of those?

Mr Short—The mass limits. That was all.

CHAIR—There are not any other restrictions? It bobs up twice in your submission. Once you talk about the mass limits and in another place you talk about the restrictions affecting the movement of bulk commodities. Are there other restrictions besides the bulk limits?

Mr Short—I suppose rail is the other one—the limitations on the rail going to Brisbane and the service that they can provide at the moment.

CHAIR—Do you send much by rail?

Mr Short—No, I do not. The rail cannot provide the service.

CHAIR—Would you if it were more efficient?

Mr Short—That is a debatable point. The railway line going into the mill where we go to in Brisbane has been pulled up and I cannot see that being put back in again.

Mr HAASE—To the mill?

Mr Short—Yes. That has been removed. I think road will be the only source into where we go predominantly for a period of time. The other one is Toowoomba range, but I suppose you have heard all about the dramas going through Toowoomba and the Toowoomba range.

CHAIR—Both by road and rail?

Mr Short—Yes.

CHAIR—Would that be the seminal issue in Toowoomba?

Mr Short—It would certainly be one of them. Are you referring to transport?

CHAIR—Arterial road and rail transport. Would it be the key issue in both instances?

Mr Short—I believe so.

Mr Simon—I would probably put Ipswich Road ahead of Toowoomba range as a priority. It has a bigger impact on us.

CHAIR—We have not had a witness from Toowoomba, so I am interested to hear you, as a businessman in the field, say what your experience is as one of the businessmen and what you feel the business community sees as the key priority in arterial road and rail efficiency in this area. You say the Toowoomba range and Ipswich motorway.

Mr Simon—Our business in Toowoomba is probably unlike Doug's. Doug's is probably loading west of Toowoomba and would ideally avoid Toowoomba. We are loading in Toowoomba and running into Brisbane.

CHAIR—I see what you mean. You say you own rail wagons as well.

Mr Simon—Rail containers. We load containers and lodge them with Pacific National on their services from Sydney and Melbourne to Perth.

CHAIR—You do not actually hire the trains?

Mr Simon—No. We will lodge one, five or 10 containers on a train.

CHAIR—Do you find that efficient?

Mr Simon—Yes—on those longer hauls, absolutely. We do not use short haul.

CHAIR—So what is your comment on the inland rail? Do you think that is required?

Mr Simon—The original proposal for the inland rail was a commonsense one. It was: if you are spending a bit of money on these sections of railway, build them to these standards and in 20 years time we will have 80 per cent of an inland railway built. Trying to build it in one hit is a big investment, and you do not know how quickly you will get a return—though probably a lot quicker than from the Alice Springs to Darwin line.

CHAIR—It may work in Queensland, but it does not seem to work in the other states. I did not know what the reason was, but I think yesterday we received evidence that Queensland built into their financing profile each year a community service obligation to maintain grain lines and things like that, which has probably paid off well for Queensland. The concept of improving bits and pieces in New South Wales and Victoria, if you do not have that CSO, is a fairly remote possibility. I suppose that is why we are inquiring into that, because it would seem that the Commonwealth, through the ARTC, is going to have to be the lead agency in that.

Mr Simon—My comment is that 12 or 14 years ago we used a lot of rail between Melbourne and Brisbane. It was for one particular product—steel coil—and the transit times allowed that service to be used. It required an early drop off in Melbourne, and it was a reasonably early arrival in Brisbane two days later. But it is that early cut-off in Melbourne which precludes us using it for the majority of our customers at the moment. The railways cannot offer a service with an 8 or 9 o'clock cut-off at night, which we can do on road, for delivery into Brisbane on the second morning. So we need an inland rail or we need better tracks through Sydney and the upgrade that is happening on the Northern New South Wales coast.

CHAIR—To be optimally successful, what does the transit time have to be from Melbourne to Brisbane for general freight?

Mr Simon—For general freight for our business we would ideally like to see a lodgment time as late as 8 o'clock at night and availability in Brisbane from 5 or 6 o'clock in the morning on the second morning.

CHAIR—Roughly 36 hours.

Mr Simon—Currently it is about a 3 pm cut-off.

CHAIR—I understand that two of the consortia that are planning that are now aiming to get there in under 24 hours. How does that play into the hubbing from that railhead?

Mr Simon—Under 24 hours may be beneficial if it can link up with a service out of Brisbane to North Queensland, for instance. It will lead to a faster arrival in North Queensland. However, it will not have any impact on Brisbane customers, because if it leaves at 6 o'clock at night and arrives at 6 o'clock at night 98 per cent of customers are not going to be interested until the following morning.

CHAIR—What if it left Melbourne, with early loading at eight in the morning, and was available in Brisbane at 6 o'clock the next morning?

Mr Simon—That could be quite okay. It is similar to the 36-hour turnaround though. There is no great advantage if the train is going to be a higher cost train to run at that speed. It would need more fuel. We would ask: would we rather use a lower cost train that leaves 10 or 12 hours earlier?

CHAIR—If this train goes ahead, is your company likely to buy wagons in that system?

Mr Simon—We are likely to lodge our containers on a service where we can. We are typically picking up from our customers at 4 o'clock in the afternoon and consolidating loads of 20 or 30 customers' freight onto a container, needing to lodge that at the railway at 8 or 9 o'clock at night. If we could do that, yes, we would certainly be using rail, as we do to the west, if it were cost effective—and I expect it would be.

Mr HAASE—You were talking about how you use road freight from here to Sydney—or was it through Sydney?—because rail simply cannot do it for you, on the basis of time. Is that because of the offloading of the freight or is it because of the transit time? This takes me back to my argument about intermodal hubs.

Mr Simon—It is the actual transit time that is the issue. It is the fact that the train has to leave at three o'clock in the afternoon in Melbourne to be here at six o'clock the second morning because of those pathways through Sydney and because of slow sections of track in northern New South Wales. We need that later lodgment time. It is the travel time that is really the big issue.

Mr HAASE—I have had it put to me that the time spent in the unloading facilities—the intermodal hub section—is inefficient and it is that area that is time consuming.

Mr Simon—I think the time we can spend sometimes with our truck and driver waiting to get just one lift of a container off can be very inefficient.

Mr HAASE—Is it old railway attitudes? Is it simply the amount of handling facilities you have for the number of loads on a train? Where is the glitch?

Mr Simon—For the most part it is not too bad. Most of the time we can lodge a container and be in and out—drop off a full container and pick up an empty one—inside an hour. That is not too bad. Going back to the days when National Rail first started, we certainly had trucks that were 12 and 14 hours in a terminal, or in a queue outside a terminal, to do that.

Mr HAASE—Speaking of the movement of trucks and terminals, Mr Short, you said that you have all of your trucks through Brisbane port each day, I think.

Mr Short—Not actually into the port. We are just short of the port

Mr HAASE—Into the mill?

Mr Short—That is right—into the mill, not into the port.

Mr HAASE—I was going to ask you what you think of the last six kilometres of road, but you are saying you do not regularly use that.

Mr Short—We do not regularly use that, no.

Mr HAASE—Okay. That gets you off the hook there!

Mr Short—But I have been on it and, yes, it is a vast improvement.

Mr HAASE—It has been put to us that the last six kilometres of road into the Brisbane port is the No. 1 priority as far as freight movement in Queensland is concerned. I think people have been game enough to say that. We have been hearing a lot in the last two days about the Cunningham solution versus the Toowoomba route for the inland rail. I would suggest that you would much rather see it go through Warwick than through Toowoomba to maintain your road haulage business. Am I right or wrong?

Mr Short—Personally I do not think it will really make much difference to our operation whether it goes through Toowoomba or Warwick—just from where we are sourcing our grain in northern New South Wales; that is all.

Mr HAASE—Is that because you would put it on a truck and leave it on a truck and take it to the mill in Brisbane?

Mr Short—Correct, yes.

Mr HAASE—Roughly how many kilometres is it for a typical load to the Brisbane mill?

Mr Short—We are looking at 600 to 800 kilometres.

Mr HAASE—And yet we are told that, as a theoretical yardstick, anything over 400 kays has got to be on rail because it is more economic.

Mr Short—I think you have just got to take into account the extra cartage cost which is involved at the other end. This railway line has been pulled up into the mill, so you have got to tranship it. It has then got to be put on a truck. I think that has all got to be taken into account.

CHAIR—Why did they pull up a track into a mill?

Mr Short—Because the railway was inefficient.

Mr Simon—What volume do you do a day?

Mr Short—We are putting 400 tonnes a day or 2,000 tonnes a week.

CHAIR—Into a mill?

Mr Short—Into a mill. But that is pulled up and it is history now; that is done.

CHAIR—Thanks very much for your evidence today. It has been very interesting. We appreciate companies like yours, Mr Short, taking the time to come before the committee and not just leaving it to an association. That is not said with any disrespect, I might add.

Mr Short—I thought I would just put my two bob's worth in. I just find it very frustrating with the infrastructure being patched and not really being improved. That is what I find. There has not been any real money spent. There needs to be big money spent. The government want everyone to become more productive but they need to spend money and they need to spend lots and lots of it, on both rail and road. Combine them all—that is a great idea—but let's get into it and get something organised. People are just talking and going round and round in circles. There is nothing happening. It is very frustrating from all points.

CHAIR—Good point. In fact that is the whole point of this inquiry—to try and trigger a break in that nexus.

Mr Short—As I say, it will all take time. It is 12 months since I wrote this letter. It was on 27 April last year. That is how slowly things move.

CHAIR—Bear in mind that we have had 23 public hearings.

Mr Short—I understand, but that is just an example that I am giving. It takes so much time and nothing happens in the meantime.

CHAIR—Thank you very much for coming. We appreciate it very much and we look forward to a submission from you, Mr Simon, with some key areas that you think can be improved, so we can write them into the report.

[1.02 pm]

HOFFMANN, Mr Edward William, Secretary and Treasurer, Western Downs Regional Organisation of Councils

McCUTCHEON, Councillor William, Chairman, Western Downs Regional Organisation of Councils

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

Councillor McCutcheon—I am the Mayor of Chinchilla Shire and also the Chairman of the Western Downs Regional Organisation of Councils, which put in the submission.

Mr Hoffmann—I am the Secretary and Treasurer of the Western Downs Regional Organisation of Councils and the CEO of Chinchilla Shire Council.

CHAIR—Gentlemen, we are not going to put you on oath, but I have to remind you that these are proceedings of the federal parliament and warrant the same respect as proceedings of the House. It is customary to remind all witnesses that the giving of false or misleading evidence is a serious matter and could be construed as a contempt of the parliament. Having said that, you are most welcome. Councillor McCutcheon, could you please give us a five- to seven-minute overview of your submission?

Councillor McCutcheon—Certainly. The main thrust of our submission is a rail link from the Darling Downs, around through the town of Wandoan and past Taroom to link up with Gladstone. We see this as a missing link in the whole Queensland infrastructure. We also see it as a stand-alone project that could now proceed economically in its own right. To give you a bit of background, the Western Downs Regional Organisation of Councils spreads from Dalby to Roma and right up to Taroom. We are joined in support in this submission by the Port Curtis group of councils, which encompasses Banana, Calliope and Gladstone shires. There is 100 per cent support for this loop line from every council on the projected route.

In case you are not quite aware of it, there has been a missing link in the Queensland rail system between Wandoan and Theodore ever since the rail was put in. There is an existing rail line to Wandoan, but it is old and in poor condition. It would need refurbishing. The track along the main Warrego Highway route would possibly need upgrading to meet the standards. The main impetus for this is the coal industry, which is well and truly underway, with a boom in coal throughout the whole of Queensland but particularly in our area.

Our group of organisations was started about three years ago, when we really got wondering where in the devil these projects were all going. The ATEC group led by Everal Compton had made lots of statements over the last 10 years on how well the project was going, but it seemed to us that it was not getting any closer to fruition. We asked for briefings by Mr Compton and, following on from that, we also had briefings from Queensland Rail, Queensland Transport and Xstrata. Xstrata came into this as the holder of the major coal deposits. It has an extremely large deposit in the Wandoan area. It is impossible to get that coal out through Brisbane. There is too

much: there are millions and millions of tonnes and we believe Brisbane has a very limited capacity.

We have put submissions to the Queensland government through the Department of State Development and two other departments. We had a meeting recently—about a fortnight ago—with Minister Paul Lucas of the Department of Transport. As far as we can see, they are very supportive of the position. The problem we seem to have with it at the moment is that the ATEC group has a significant project status with both the federal and state governments. I do not believe that that is an inhibiting factor in the whole thing but it does seem to be limiting the negotiations at this stage.

The coal companies, particularly Xstrata, have shown interest in strong financial contribution to this project but there are at least six to eight other coalmining projects that would access the same line. At the moment, as good as they are to our communities when they all get going, they are probably a little bit of a distraction because companies like Xstrata—and, to some extent, the Queensland government—do not want to be seen to be letting these companies come in on the coat tails of a project that was going to be largely financed by other people. There are logistics to be worked out and financial arrangements for the governments and those companies to come to, but at the moment that is a problem. The extent of the coal is itemised in our submission. There is a huge amount of deposits up there. It is good thermal coal that is coming out of there. I would also like to say that this gives an opportunity for other produce from the Darling Downs, particularly grain and other types of stuff, to be routed through the Gladstone Port over this line rather than going through Brisbane.

The line was on the original submission by Everald Compton's group on the link-up right through Australia. I know that the initial studies are doing the Melbourne to Brisbane link first. But our submission is trying to point out the fact that we think this one can stand alone economically on the amount of coal that can be shifted on it right now. We would also be a good public-private partnership arrangement. It would be an excellent one, if it could come up, providing all the stars align in the right direction. We would like to see this declared as an immediate preferred project: something that can get impetus behind it straight away, because as I say it is holding back the development of at least three major coal mines at this stage. There is the opportunity for a hell of a lot more to come in on it too.

The financial aspects of it, particularly with the way coal is priced at the moment, line up right now. Everald Compton's figures show that fairly convincingly in the submission he put in. I would like to emphasise that—even though we see it as being an adjunct to the Melbourne to Brisbane and eventually Melbourne to Darwin line, which we know is a fair way down the track—this could be built to the standard gauge standards right from the word 'go', even if it did run Queensland gauge tracks for a certain period of time. All that could be done at this stage. We would really like to see it. It seems to me that everybody we talk to at the moment is very enthusiastic about it, but we cannot seem to get them all together to get a final decision made. Would you like to add anything, Mr Hoffman?

Mr Hoffmann—The only thing I would like to add is that at the commencement of these proceedings we had a meeting about this project with John Anderson's office. We were introduced by our local member, Mr Bruce Scott. Their indication to us was that the main problem with the development of this line was the coal miners lining up. From our discussions

with the mine developers, we know that they are ready to go. They are lining up. The state government says that it is right to go and supports the whole project through the minister for transport. We are here to try to open up the vast Surat Basin coal and gas deposits and the western produce areas to a port that can handle the quantities that are going to need to be handled.

At the moment we have been advised that Brisbane port is receiving its maximum product and it will not be increased at all. There are problems with the range crossing and whatever with larger trains. No doubt that issue is on the agenda for today. We are advised that that is a number of years away. We believe we have a project here that needs the support of the federal government. It fills the criteria for this inquiry to be able to push for this part of the link, which is also part of the whole Melbourne to Darwin concept, and we would like to see it advance.

CHAIR—You are saying to us that you would like to see it as standard gauge. That does have other problems. Wouldn't the better option be dual gauge?

Councillor McCutcheon—We did not say that we were going only strictly for a standard gauge rail. We are saying that the infrastructure underneath it should be built to a standard to accommodate standard gauge rail when it comes there. We think it would be quite ludicrous to go in and build the foundations or the beds for the tracks to be only for Queensland gauge. It should be built to standard gauge right now.

CHAIR—I would like you to clarify something: you said that ATEC having special state and federal status was an inhibiting factor. Could you explain that to us?

Councillor McCutcheon—My meaning was along the line that the various other coal companies are a bit of an inhibiting factor in so much as they are not willing at this stage to talk finances coming into this project. The other thing with the ATEC group, as we understand it, is that they have been granted significant project status by both the federal and the state governments. We are led by Minister Lucas to believe that that does not exclude negotiations with other partners that might come into this but it does, we think, perhaps sow a complicating factor in there. They have been given significant project status by both state and federal governments. We would like to see that brought together more advantageously for us all rather than the other companies sitting back and saying, 'They've got the advantage; it is no use us trying yet.'

CHAIR—Who do you see taking the lead agency in that?

Councillor McCutcheon—That is what we find very difficult at the moment—which is the chicken and which is the egg? In my mind the state government should be the one to pick it up and run with it. I am quite sure that if they got support from the federal government, through the research you are doing at the moment, it would be extremely helpful to push the show along.

CHAIR—What is your understanding of the cost from, say, Acland to Gladstone?

Councillor McCutcheon—I cannot answer the technical questions. The figures are in our submission.

CHAIR—What is the figure, Mr Hoffmann?

Mr Hoffmann—Our engineer was supposed to be with us today and he was to answer those technical questions. I will make a note of that and get back to you.

CHAIR—That would be helpful. The model that will come up as far as the Queensland border is that it will be operated by ARTC. You understand the theory of that. The federal government agency has leased on a long-term basis the below track infrastructure and people buy their time and their slots on the train. It has proved to be a very successful model. The model that would occur in Queensland is not so clear, as I understand it—whether QR would run it all or whether QR and ARTC would do some sort of partnership arrangement for that arterial line. What is your understanding? Have you been engaged in any discussions there?

Councillor McCutcheon—The briefings we have had from, once again, Everal Compton's group was that they are lined up ready to go. By the way, I should have mentioned earlier that they put a business plan into the state government. I do not know whether you are aware of that. It is being assessed and I believe that a report on that should be coming out in April. A business plan has been put forward to the state government that will, hopefully, progress things quite a large stride down the track if it is accepted. I am not quite sure we can visualise the partnerships that might come out of that at this stage. Our concept is that it is going to take a large input of funding from some of the private players in there, such as Xstrata—being the major one there—to make it get up and go. I think the negotiations are in a very fluid state at the moment. We really cannot pin down what would be our preferred position; as long as it happens we would be quite happy.

CHAIR—What is your message to us as the committee?

Councillor McCutcheon—We would like to see this given a preferred project status, and the message given to the state government and the private partnerships out there who might get involved in the whole thing. If this committee could throw their support behind the concept of getting this rail link completed, that would be a help towards getting it going. Of course, if the federal government has a heap of money it could throw in there too, that would be even more welcome.

CHAIR—I would that it was that easy. You just do not build a train line and hope that someone might use it. You do not put \$200 million or \$300 million into a train line and think that someone will use it in the future. There needs to be, as you pointed out earlier, a coming together of minds of potential users who will commit to utilising the line. Against that you can estimate the cost of construction and whether that can be ameliorated by traditional means. If it cannot, then what seed money should the state and federal governments put in to make it happen? That to me seems to be the process.

Mr HAASE—I also had the question of the cost of your proposition, and will wait on you for that answer. I am most familiar with the owned railway situation where rails are corporate owned, built and exclusively operated, as in the iron ore situation in the Pilbara. Yesterday in Brisbane we heard evidence in relation to a user pays process—a take or pay contractual arrangement between Queensland government and users. I think they were specifically talking about the coal industry. I would have thought that an organisation as large as Xstrata could act,

as you have said, as the core funding group. All that it would need additionally would be a third party negotiator to bring all the various interest groups together around the table to strike a contribution rate. It seems to me that you have the usage factor justified. With the major deposit of coal owned by Xstrata there are ample sales so it is not a marketing problem; and you have ancillary use as well from the shire region cooperative. I do not see a problem, quite frankly. You simply need a broker that can pull it all together and get it happening. If I am wrong, can you tell me where I have got it wrong?

Mr Hoffmann—I will comment on those statements. Xstrata and QRail have developed the Rolleston line, which is in the north of the Bowen Basin, and I understand that has been very successful. They are interested in developing this missing link to access the Xstrata deposits, which are at Wandoan. The problems are, as I understand it, south of Wandoan where the other deposits are and the other leases are held by different companies, and the standard gauge requirement—whether the line is built in standard gauge, Queensland gauge or what. That seems to be one of the issues. My feeling is that this inquiry could look at that requirement from a federal point of view.

Councillor McCutcheon—As far as the costings you asked about are concerned, I am sure ATEC have put in a submission to you on the whole concept. There is a special section of their submission dealing with this line alone. In that the costings have been dealt with in quite some detail. That might be a helpful reference point for you in your deliberations. Mr Compton went through them in quite some detail with us in the discussions we had with him. So they have done quite a few costings on it as well.

CHAIR—This morning we received evidence from Warwick Shire Council and groups of councils in southern Queensland and northern New South Wales suggesting a route coming up the Goondiwindi line through Inglewood and Warwick and then going around the back of the mountains through Legume and Woodenbong and coming down onto the main standard-gauge north-south track near Rathdowney, with an intermodal hub at Bromelton, near Beaudesert, to which trains would be double-stacked then disaggregated at Bromelton. Were that model to go ahead, bearing in mind that you said that this Western Downs-to-Gladstone model could stand on its own economics, would it be a concern to you if that became a north-south model initially—the intercapital model?

Councillor McCutcheon—Somewhere there would have to be an interconnector between the Warwick submission—which I heard Mayor Bellingham speaking about on the radio this morning—and the western line as we know it now, if the line going through to Darwin is ever going to come to fruition. Really, for us, wherever that line comes from—

CHAIR—I was not suggesting it would be to the exclusion of that. Obviously there is going to be a lot of construction going on for a number of years on both projects—Western Downs to Gladstone and Melbourne to Brisbane. It seems to me that one of the things that have stymied the whole project in its two forms has been this business of getting off the range, or from the downs, down to the coastal plain. There were three proposals—one was down the Toowoomba range, one was over Spicers Gap and the other one was this more southerly route around the back of the range area coming in at Rathdowney. I understand that a number of the major freight players have said that, until you get the Brisbane-Melbourne link, there is not sufficient gravitas on that line to justify it—that is the immediate justification. That is why I preface that question.

Were that proposal to obtain some momentum, would that in any way compromise your Gladstone thing as an initial move?

Councillor McCutcheon—Mainly I would see it in the tying up of capital that might be involved in it. The state government would probably not pull on two major projects if they were going to come into it. As I see it, that is an impediment to our project. But I would like to reiterate that we see ours as a stand-alone project. It can pay for itself and pay for itself in a very brief time. If you ask me for a preferred option from where we stand on which crossing of the range would be more advantageous to us, of course we would have to say Toowoomba. But then again we have not made a full study of this to come to any conclusions re costings or anything like that. But it would be more advantageous to our project if it came down to Toowoomba and there was the intermodal hub at Charlton.

Mr Hoffman—On that scenario you just mentioned: the port of Brisbane would be a bottleneck, I believe, handling 10 million tonnes of coal at this point of time.

CHAIR—They made it very clear to us, I think, that they did not want to go above, as a maximum, 14 million. I think that was the figure they used yesterday.

Mr HAASE—I did not hear that. I heard it as being a lot less than that.

Mr Hoffman—At the moment, I think, 1.5 is the limit that can go—

Mr HAASE—I heard him say going to five. I thought that was the evidence—going to five.

Mr Hoffman—Whereas the Port of Gladstone have development up there—

CHAIR—Forty-three million tonnes.

Mr Hoffman—Yes. They have the coal from this area and from Wessel Islands—or some islands, but it is development that is coming up.

CHAIR—Let us take your project on its own—the Western Downs-to-Gladstone option. Where would that need to start? Would it need to start at Toowoomba or Acland? From a coal point of view you would imagine it would start at Acland.

Mr Hoffman—The information we have had is that Acland is probably marginal, so you are looking more towards Wandoan, Columboola coal—the western areas.

Councillor McCutcheon—From Dalby west, I think. Out there at the Macalister mine they are going flat out with everything they do at the moment. But they can expand production quite a bit. We have at least three coalmines in the Chinchilla area with proponents ready to go, but they just have no way of getting the coal out.

CHAIR—I accept the coal argument. I have known of at least five players—you have mentioned more. The answer I am trying to get from you is with regard to this. If it is going to go into stand-alone mode for a while at least and you want to carry other things besides coal,

how far back towards Toowoomba does it need to go to pick up grain for Gladstone, for example? Where would it need to start from to pick up grain?

Councillor McCutcheon—If you gave us a third option, I would say that the absolutely essential thing is the missing link. The next thing would be to find the markets extending back east and then to pick up the coal mines as they go. They are the ones that are going to pay the wages. The grain and the other things that might be accessed, their produce, fruit and everything, would come in on the back of that. To access that properly you would probably have to extend the line right to somewhere in Mount Charlton to pick up all of the possible produce. You would not pick it all up but it would open it up a lot more.

CHAIR—That is the point I am trying to make.

Councillor McCutcheon—I do not see that as being a necessity.

CHAIR—So you see the third priority in your scenario as the link to Charlton.

Councillor McCutcheon—It would probably be that way. We have not discussed it at the WEDROC meetings in that context but I am pretty sure that that would be our preferred route: to get the missing link finished first.

CHAIR—The missing link gets a couple of mines going immediately.

Councillor McCutcheon—Yes. It gets them going.

CHAIR—Coming back onto the western line you pick up these other towns and then back to Charlton.

Councillor McCutcheon—I would say that that would be our preferred scenario for a development, yes.

CHAIR—And you would recommend dual gauge.

Councillor McCutcheon—Definitely.

Mr HAASE—You have got me foxed with this geography. I am referring to figure 3 on page 6.

CHAIR—He is from Kalgoorlie you know.

Mr HAASE—We know about geography; we just do not know yours. I am looking at the tracery lines on the map and trying to follow your argument. My major concern is in relation to this decision regarding the Warwick or Toowoomba route for the inland rail. That has been part of my fixation for the last couple of days. You see yourselves as having a proposition quite separate to that. The inland rail argument is not something that impacts on you at all at this stage.

Councillor McCutcheon—Only in that this is an adjunct to it.

Mr HAASE—But, in your view, a long-term adjunct.

Councillor McCutcheon—Yes. Page 4 gives a better line. It actually shows the rail line

Mr Hoffmann—If you look on page 4 you will see Wandoan in the middle and then straight north from there is Theodore.

Councillor McCutcheon—That is missing link we are talking about.

Mr HAASE—So that is it?

Councillor McCutcheon—Yes, although the proposal at the moment is that they would bypass that Theodore one and go on to the town of Moura because, as we understand it, there is a better alignment and the line shown to Theodore is in very poor state of repair.

Mr HAASE—The percentage of the total job is not great and therefore you would do it.

Councillor McCutcheon—Yes.

Mr HAASE—You may not know the exact figure but do you have a ballpark figure you can give us? Is it \$200 million, \$30 million? And how many kilometres is it?

Councillor McCutcheon—It would be closer to your hundreds than thirties, I think.

Mr HAASE—How many kilometres is it?

Mr Hoffmann—I recall the figure of 200—but I do not know if that was for the whole line or the missing link or whatever.

Mr HAASE—How many kilometres?

Mr Hoffmann—I think it was 150 kilometres.

Mr HAASE—Are there any major waterways?

Mr Hoffmann—The Dawson River. I understand the proposed route goes out towards Cracow. There is only one crossing of the Dawson on that route.

CHAIR—Can you see where the word ‘Monto’ is further over on the map?

Mr HAASE—Yes.

CHAIR—I think the idea is that it would swing east—not even as far across as where the M is in Monto.

Mr HAASE—Okay, so it will go half way and go to Moura and then later on you will be able to join it up.

Mr Hoffmann—Yes, it will go straight into Moura.

Mr HAASE—It all looks perfectly plausible. My only rational and reasonable position is that it is something which, in the interests of bottom-line profits for Xstrata, they ought to be funding. BHP Billiton and Rio Tinto build their railway lines. Sure, they use them exclusively, but there is no reason why negotiation could not take place to have Xstrata providing the seed capital and the leverage and other parties supporting that. In the paddock of \$200 million and the potential you speak of it is not a big infrastructure project, but it is big if you take \$200 million out of the federal kitty and try to prioritise it against every project around Australia. That is why we believe in a market driven economy.

Councillor McCutcheon—The model you proposed there, as Ed referred to earlier, has already been done between Xstrata and Queensland Rail. A little further north you might see a little railway line going down to Springsure from that central line.

Mr HAASE—Yes.

Councillor McCutcheon—If you go east of there for about 100 kilometres, they have built another line almost identical to that one. It is called the Rolleston line. It was much simpler in that it was an arrangement purely between Xstrata and Queensland Rail. There were no other players involved. With the one we are proposing here, where we need the assistance of state and federal governments, hopefully, other players are going to access this line. Xstrata feel that they should not have to pick up all the bundle for something that is going to be accessed by other companies coming in on their coat-tails—I do not think they are particularly worried about produce—after they have built the infrastructure. We are hoping that their negotiations with Queensland Rail will come to a better conclusion than that which we have at the moment.

Mr HAASE—If it does not, bang their heads together! It is just a matter of getting on with the job—it is clear-cut.

Councillor McCutcheon—Thank you. I find that very reassuring.

Mr Hoffmann—The support of the committee.

Mr HAASE—It looks like a project with absolute merit.

CHAIR—This project has been before the committee on other occasions. We did another study on rail in general and this came up in that *Tracking Australia* report as well. It seems to me that the problem is to find the lead agency to drive it. I think a lot of people have the view that ATEC would do that, subject to getting this arrangement between ARTC and the Queensland government, especially if you are looking to the long-term Melbourne to Gladstone option. Were there any other points you wanted to make?

Mr Hoffmann—Can I comment on the ARTC and the Queensland government. This project seems to get tied up with the Melbourne-Darwin line. Everyone seems to see that as the driving force.

CHAIR—No, it is not.

Mr Hoffmann—It is not, yes. We need to get that across—this can stand on its own.

CHAIR—That is the way I interpret it. The Commonwealth's model, which is the ARTC model, is very clear. The Commonwealth has either bought or long-term leased the major arterial railways through New South Wales, Victoria, South Australia and Western Australia, linked albeit not from Kalgoorlie into Perth but as far as Kalgoorlie. It can offer any player slot times on that track, without reference to anyone. There is not a third-party access problem because it is a neutral provider of space or time on the rail, so to speak. When you get into other jurisdictions like Queensland—and that is not to say that Queensland is unfair; I am not saying that—there is the cost of getting to the border, then the cost of the next leg, if there is another model say from Toowoomba up to Gladstone; whereas with the ARTC you go in and do one deal and bang, theoretically you can bring something from Kalgoorlie to the Queensland border by dealing with one person. I think—and I am only speculating—there is more hold-up involved in that financial modelling idea than in any other factor.

Councillor McCutcheon—Your support from the federal government to push this, I think, would be invaluable to help knock a few heads together, maybe here in Queensland if we can. At the moment, we are seeing them all standing off waiting for somebody else to make the move. They are all doing their own thing at the moment but, as you say, if we can get them all together in the one room and talk about it and go from there, that is what we would prefer to do and see it progress from there.

CHAIR—I would not want my comments to be interpreted in any way as being critical of QR. I think QR have, if anything, been the lead public railway in Australia. They are profitable and they have now gone into Western Australia. When we were over in Western Australia it was interesting to see the amount of optimism expressed by Western Australia operators who were looking forward to QR's involvement, which seems to speak well of industry's attitude towards their modus operandi. Nevertheless, even though they operate as a corporation, they are a government agency and some people have problems with that. So I would not want my comments in any way to be a criticism of some of the good work they are doing. In fact, the competition they have provided has provided much more efficiency in the Hunter Valley coalmines. There is a role to be had, but I cannot tell you how you get all those various operating models to mesh together.

Councillor McCutcheon—I am sure that support from your committee will be very helpful.

CHAIR—One of the things we also found in the inquiry as being pretty indicative of what has gone on in the last 100 years was that the most neglected railways in Australia are the ones running along or near borders. Neither side wants to take responsibility for it.

Councillor McCutcheon—That is a fair point.

Mr Hoffmann—Chair, from your comments about getting the groups together, would you see that as a role for local government?

CHAIR—To get ARTC and QR and representatives of the Queensland government and ATEC into the one room to ask: how do we facilitate this—Chinchilla has had a reputation over the

years of not being shy about those sorts of things—I would not see it doing any harm, put it that way.

Councillor McCutcheon—Thank you. We will take that as a compliment.

CHAIR—We will be sending you a copy of the Hansard transcript for any editorial corrections. If you wish to come back to us with any other information, we would be interested to receive it. If you were to convene such a meeting in the near future, we would be interested in a report on that. We are coming, in the next month or two, to the writing stage of the report, so there will not be too many more meetings like this. There will be a few but not a lot. We are now coming to the end play. We do not have another major outreach plan, although there may be one. We have not done Adelaide, Launceston, the Pilbara or New England, although we have had New England witnesses here today which probably obviates the need to go there. On that note, I thank you for your attendance.

Resolved (on motion by **Mr Haase**):

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

Committee adjourned at 1.38 pm