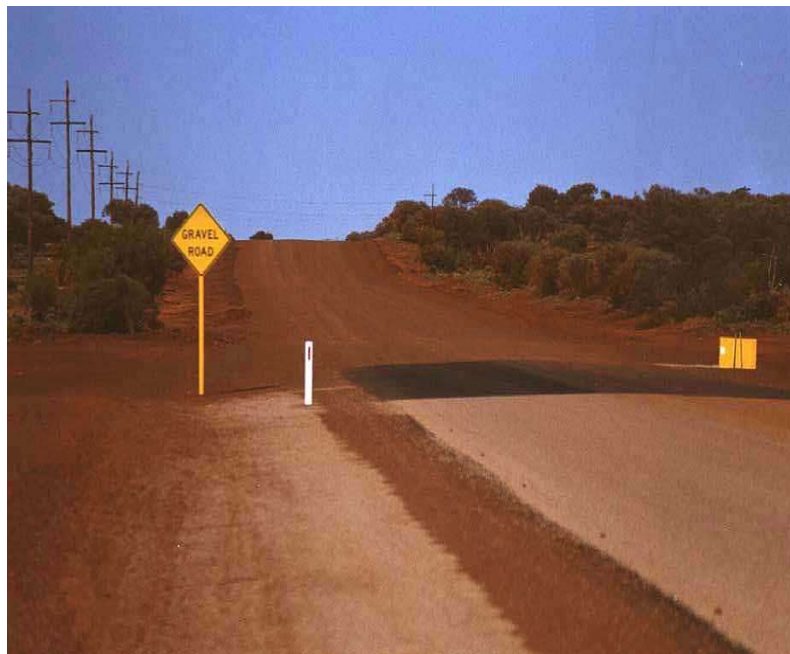




WESTERN AUSTRALIAN
LOCAL GOVERNMENT ASSOCIATION

INQUIRY INTO THE INTEGRATION OF REGIONAL RAIL & ROAD FREIGHT TRANSPORT & THEIR INTERFACE WITH PORTS

A Submission by the Western Australian Local
Government Association



May 2005

INQUIRY TERMS OF REFERENCE 1

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

The freight transport task in Western Australia could best be described as substantial. Bulk goods are transported across vast distances because of the size of the State, its isolation from other Australian States and Territories and the dispersed location of its agricultural, mining, production and population centres. Maintaining the efficiency and effectiveness of the freight transport system, in terms of delivering products to market both on time and at reasonable cost, is paramount.

According to the Australian Bureau of Statistics (Yearbook 2003), WA accounts for:

- the movement of some 308 million tonnes of freight per annum, a large proportion of which is mining commodities in the North West;
- 105.5 billion tonne kilometres – 33 percent of Australia's total; and
- nearly 30 percent of the total tonne kilometres travelled in Australia for interstate trips.

In WA, road transport is generally the dominant mode for moving freight over short distances, whereas rail and sea are the preferred options for long-haul journeys. Not surprisingly the State's regional freight transport network, in both distance and coverage, is dominated by the road system.

Extensive parts of this road network are open to large articulated freight vehicles hauling freight to every corner of the State. Based on Australian Bureau of Statistics (Australia-wide) data, the predominant goods moved domestically by road are food, general freight and other manufactured goods.

With Western Australia likely to maintain economic growth of around 4 percent per year for the next 15 years and world economic conditions forecast to remain favourable, it has been estimated that Western Australia's domestic freight task will double over the same period. The drivers for the increasing freight task will come from the State's mineral, petroleum and agricultural industries, along with population growth.

Road Infrastructure

In WA, Local Government is responsible for the care, control and management of 72% of the road network or 121,000 kilometres of local roads and associated infrastructure such as bridges with an estimated replacement value of \$11.96 billion.

Local roads are the capillaries which feed the nation's arterial roads and national highways. They link homes to schools and shops, they take commuters to arterial roads and national highways. In regional areas, they also link entire communities. The economic importance of local roads cannot be underestimated, with 73% of all freight trips beginning or ending on a local road.

WA has a heavy reliance on roads for economic development and social connectivity involving the movement of freight and people over long distances. According to data collected by Main Roads WA 22% of the State's overall freight task occurs on local roads.

Many of the roads which had traditionally been used for freight transport are now experiencing an increase in tourist motorists and similarly roads which may have been used as tourist routes are now being used by developing industries to transport freight. The movement of grain and woodchips is also

having an impact on safety due to growing tourist numbers on narrow or unsealed 'logging' roads, while heavy vehicles on local roads which run through townsites affect the amenity of local residents. At the community level, Councils are the main focus of resident concerns relating to safety and amenity and there are expectations on Local Government to resolve these issues through various measures.

Increased demands from industry and tourism are resulting in higher costs for Local Governments associated with building and maintaining higher standard roads. Local Government is viewed as having the capacity to encourage the viability of local enterprise and exert a positive influence on transport modes through its land use planning functions.

The Association's view is that Local Government should be accorded a greater involvement in the strategic planning process of transport infrastructure at the 'grass roots' level. A more efficient and effective coordination of transport infrastructure planning and implementation functions between geographically aligned groupings of Local Governments is considered as being crucial in producing benefits for local communities, identified regions and the State as whole.

Since the mid-1990s, Roads 2020 has been a key strategy pursued by the State and Local Governments with significant involvement of Councils and the community.

Developed and implemented on a region by region basis through the existing Regional Road Group Structure, the Roads 2020 strategy aimed to enhance the road network, with its overall objectives being to:

- outline the future road needs of each region;
- evaluate options for meeting those needs in each region; and
- make recommendations and set priorities for each region.

A review of the Roads 2020 Strategy is currently underway and its likely extension to become 'Roads 2025'. The purpose of the review is predominantly to ensure that the strategy which directs the investment in regionally significant roads is contemporary and responsive to changing industry driven needs for a transport network.

For the past 10 years, the Association has worked with our 144 member Councils to produce an annual Local Government Road Assets and Expenditure Report. The report provides valuable historical data which may be used by local decision makers to effectively manage the future of the local road network in WA.

The importance of the data contained in this report was recently acknowledged by the Assistant Director of Economic Policy at the Department of Transport and Regional Services who stated that:

"This is by far the best data we can obtain from any State and the quality of the data and its presentation continues to improve each year. It has made a critical contribution to our ability to understand the local road maintenance issue and to demonstrate the effectiveness of our (Federal) expenditure on local roads and the need for the Roads to Recovery program to continue. Without it I could not have estimated the local road deficit at \$630m per annum, implying that the Roads to Recovery Program was meeting about half of the expenditure gap."

As demonstrated in the following table (which is an extract from the latest Local Government Road Assets and Expenditure Report), Local Government invests 51.2% of its own resources into the State's local road network:

**SOURCES OF LOCAL GOVERNMENT
ROAD EXPENDITURE 2002-03**

\$ thousands

Regional Road Group	Federal	State	Private	Council	Total
Gascoyne	2,617	2,235	29	871	5,752
Goldfields Esperance	8,460	4,420	783	11,605	25,268
Great Southern	8,191	6,626	73	10,141	25,031
Kimberley	4,190	3,971	131	3,573	11,865
Metropolitan	25,635	25,392	3,423	125,174	179,624
Mid West	9,457	6,212	489	10,016	26,174
Pilbara	4,662	3,952	566	4,402	13,582
South West	12,245	9,295	761	18,082	40,383
Wheatbelt North	16,167	11,742	296	8,100	36,305
Wheatbelt South	10,295	5,281	65	4,758	20,363
Total	101,883	79,126	6,616	196,722	384,347
Percentage	26.5%	20.6%	1.7%	51.2%	100.0%

Note: This table excludes expenditure by Main Roads WA.

The table also articulates the level of Federal and State Governments investment and the limited investment by the private sector.

Funding from Federal and State Government sources is vital for the local road network. In this regard, the recent decision by the Federal Government to renew Roads to Recovery (R2R) for a further four years was very strongly welcomed by Local Government. Roads to Recovery is seen as an excellent example of productive partnership between the two spheres of government, providing vital financial assistance to address the massive backlog in road maintenance faced by Local Government.

While it has been suggested that R2R project criteria should be extended to include non-roadworks items, the Association strongly considers the prime purpose of R2R is to reduce the local roads maintenance backlog.

Any policy shift to redirect already limited funding away from road infrastructure would be strongly opposed in WA.

The local road network also benefits from an injection of State funds via the State Road Funds to Local Government Agreement. This Agreement directs funds to local roads in various ways including direct grants to Councils, funding for regionally significant roads, black spot projects and projects on local roads that have statewide significance. This Agreement again demonstrates the benefits of a productive partnership between two spheres of Government.

Rail Infrastructure

With exception of the Perth metropolitan area, the State's rail network is predominately managed by the WA State Government through lease arrangements with private operators or owned by private companies. While this may have had some short term benefits for the State Government, it is considered

that the divesting of essential rail infrastructure will place further pressure on the rail network in WA as the private sector is driven by bottom line profits and many sections of the narrow gauge rail network in this State are proving financially unviable.

This is a public policy issue that requires consideration by the WA State Government as any closure of rail will have a significant impact on local road infrastructure. The Association considers that the State Government needs to review its level of investment in WA's deteriorating rail network however this should not occur to the detriment of State Government investment in road. Further, where rail networks are not viable or do not have the capacity to take the increase in the freight task, the State Government should increase its level of investment in the strategic State and local road network, particularly where industries utilising the network benefit the economic position of the State as a whole.

Intermodal Choice for Regional Freight

It is recognised that modal choice for regional freight traffic is a complicated issue that requires consideration by Federal, State and Local Governments. Local Government recognises there are both infrastructure protection and environmental benefits in using rail, rather than road transport, especially for bulk freight.

Accordingly, it is important to recognise that full externality costs should be taken into account in setting the regulatory framework for regional freight. For example, the establishment of regional rail grain terminals where local grain rail lines are replaced by truck services, must recognise the often massive increases in use and infrastructure damage on the local road system – and fully compensate Councils for this.

To obtain any benefit from intermodal transport options, it is essential that road, rail, port and sea and air transport modes are properly integrated and consistent with other land use, environmental and social objectives.

Better planned and more efficient intermodal freight facilities may encourage the movement of freight by more efficient, environmentally friendly and safer modes. This will be one of the challenges facing WA in future.

INQUIRY TERMS OF REFERENCE 2

The relationship and co-ordination between Australia's road and rail network and their connectivity to ports.

A critical element of freight transport efficiency is port connectivity. This is often very difficult in relation to ports located in major cities, where freight access is complicated or restricted by competition with passenger traffic (whether road or rail) and/or impacts on residential amenity and safety.

Intermodal freight hubs in regional areas or on the metropolitan fringe may be a solution, but only if good quality access is available to the ports.

While the Federal and State Governments have responsibility for most of the port connectivity infrastructure and regulatory frameworks, Local Government has a useful role in relation to balancing the transport industry's need for efficient port access with community expectations on residential amenity.

In terms of the State's ports, the State Government directly controls and operates eight ports. There are another nine ports in Western Australia operating privately under an agreement with the Department for Planning and Infrastructure, which retains ownership of each port. The largest of these is Port Walcott, which is one of three major iron ore exporting ports in the Pilbara region of Western Australia.

In relation to the State's international freight task, 2004 data for all the State's ports indicate that in excess of 240 million tonnes of product was exported. In excess of 15 million tonnes of product was also received as State imports. Reflecting the significant export volumes of iron ore, alumina and grain, rail's share of freight into the ports is estimated at in excess of 80%.

It needs to be recognised at a Federal Government level that the regional ports in Western Australia are of national importance and will require ongoing support through effective and integrated planning, investment and a network of road and rail which supports future growth and development.

The Federal Government is in a unique position to promote, co-ordinate and disseminate information on sustainable port accessibility initiatives across all levels of government. While the State Government will need to take the lead on many programs, many beneficial changes in transport use such as freight route segregation, heavy vehicle access times and conditions and freight depot location, also require promotion at the local community level.

Funding assistance to Local Government from the Federal Government for a pilot program in these areas would expedite consideration of key issues such as integrated land use and transport planning (where Local Government is a core player), traffic congestion, safety and travel demand management.

INQUIRY TERMS OF REFERENCE 3

Policies and measures required to assist in achieving greater efficiency in the Australian transport network.

The National Land Transport Plan

The Federal Government has played a very important role in helping to connect WA by road and rail to the rest of Australia. Improvements to the Defined Interstate Rail Network have allowed rail to now account for 75% of the land-based interstate trade between Western Australia and the rest of Australia. The National Highway remains the only sealed road for people wishing to enter or exit WA.

The Federal Government can however aid the State and Local Government in meeting the freight challenges by taking a more active role in the State's transport needs through expanding the National Land Transport Network.

The Federal Government has defined the AusLink National Land Transport Network as a "single integrated network of road and rail transport linkages of strategic importance". The Network is to be "based on important national and interregional transport corridors, including connections through urban areas, links to ports and airports and rail/road intermodal terminals, which together are of critical importance to national and regional economic growth, development and mobility".

In this State it covers:

- the East West Corridor from Adelaide to Kalgoorlie to Perth, which takes into account the Great Eastern Highway and the railway from Adelaide to Kalgoorlie to Perth;
- the South West Corridor from Perth to Bunbury, which incorporates the predominant road highway and the South West main railway;
- the Great Northern Highway (inland route) from Perth to Darwin; and
- urban links, which includes the Port of Fremantle.

The Association shares the State Government's view that the AusLink National Network has mainly been derived from the existing National Highway and Defined Interstate Rail Network. As a result, it is too narrowly defined and the proposed Network does not align with the major areas of activity given that the large volume, transport intensive export industries tend to be based in regions and their products leave WA via regional ports.

The State Government has maintained that both the State's Great Northern Highway and the Brand Highway/North West Coastal Highway should be recognised as key transport links in the National Land Transport Network.

Unfortunately the Federal Government did not accept this and requested Main Roads to nominate either one or the other for inclusion in the Network and therefore the more direct inland road freight route between Perth and Darwin was nominated. This highway serves a number of inland user groups including agricultural, pastoral, mining and tourism. In addition to being a National Highway, this link also serves as the classified Heavy Haulage and Wide/High Route for the north of the State.

However, the Great Northern Highway bypasses major industrial areas such as the Burrup Peninsula and the Port of Dampier, where a number of projects considered to be of national significance are located. The Brand Highway/North West Coastal Highway is the main link between regional centres at Geraldton, Carnarvon, Karratha and Port Hedland, as well as the access route to various tourist

destinations and coastal, mining and pastoral communities. It is also a major freight haul route operating 53.5 metre long combinations north of Carnarvon.

The route is critical in servicing the growing industry and coastal communities between Perth and Port Hedland. Three of the top six tonnage ports in Australia (being Port Hedland, Port of Dampier and Port Walcott) are all located on the North West Coast Highway and provide significant tax revenues to the nation.

The WA State Government considers that both the Great Northern Highway (the inland route from Perth to Darwin) and the Brand Highway/North West Coastal Highway (the coastal route from Perth to Darwin) should be depicted in the National Land Transport Network.

In terms of defining the National Land Transport Network, the Association supports steps being taken so that the importance of the regions, bulk freight and regional ports are recognised. Accordingly it is recommended that important regional ports be depicted on the AusLink National Land Transport Network and that the access corridors through these regional towns be included in Federal Government funding opportunities.

From a Local Government perspective it is seen as imperative that the National Land Transport Network is ultimately informed by State Land Transport Networks which are subsequently informed by Regional Land Transport Networks. The Association has identified a need for Federal assistance to ensure that Local Government can significantly contribute to the development of regional transport strategies which can in turn link to State Land Transport Networks.

Funding for the National Land Transport Network

The other policy area that the Federal Government can aid WA in meeting the freight challenges is by taking a more active role in the State's transport needs through the development of equitable Land Transport Network funding allocations for WA.

Under AusLink, the Federal Government plan to replace the full funding of the National Highway Network and provision for contributions to roads and projects of national significance with joint funding of an integrated national land transport network.

Unfortunately the National Land Transport Network is now more extensive in coverage (than the previously designated National Highway and Defined Interstate Rail Network), and unless total funding continues to grow, the funds available will be spread more thinly over a wider area and to more projects.

Of the \$11.8 billion announced by the Federal Government for land transport infrastructure over the 5 years from 2004-05 to 2008-09, \$6.334 billion has been allocated to the States for land transport investment of which WA receives only 7%.

Notwithstanding the importance of WA to the national economy, given that the State accounts for 10% of Australia's population, on a per capita basis alone the Association considers that this allocation is unreasonable.

The Federal Government has also allocated \$1.8 billion in rail system investments of which \$14 million, which is less than 1% was allocated to WA for the construction of a rail loop to improve access to Fremantle Port.

The Federal Government also identified a further \$290m for the AusLink National Network as part of the Federal election, of which WA receives less than 7%.

The Association supports the view that each State must be able to obtain a fair share of Federal Government funding. It is important that project assessment methodology for federally funded projects take into account social and equity objectives so that the needs of small, isolated communities which make up a significant proportion of regional WA are equally considered.

The direct impact on Local Government of WA not receiving its share of the Auslink funding is that the State Government will potentially have fewer resources to contribute to lower category roads and this will result in a cost shift to Councils. This scenario has already played out in WA with the State Government previously cutting its funding to local roads.

Another component of funding under the Auslink program which is of interest to Local Government is the \$150m Strategic Regional Component (SRC). While the Association acknowledges that the SRC is aimed at achieving national objectives at a regional level Local Government is concerned that many of the guidelines and processes for the operation of the SRC are yet to be released.

Given that it appears that around \$93m of the total funding of \$120m (excluding unincorporated area grants) has already been allocated in pre-election commitments there is also increasing concern about the role and availability of SRC funding. This is causing unease about equity across Australia as well as the possible unavailability of the remaining funds for another 2 to 3 years.

The Association has estimated that in WA alone there is in excess of \$200m worth of regional projects which may have benefited from the SRC had it been more widely available. These projects are strongly focused on land transport strategies that will connect to the National Network and which will promote partnerships between the 3 spheres of Government and industry in Western Australia.

In view of this the Association is requesting that the Federal Government give consideration to increasing the total funding for the SRC to \$400m. This amount would be in line with the original sum proposed for the Roads to Recovery 'strategic pool' and could be distributed equitably between all states and territories, and then within each jurisdiction, on a competitive basis.

Grain Transportation

In WA, grain export is currently around 15m tonnes per annum and is predicted to continue to increase significantly over time. Around half of grain produced is directed through Fremantle Port, utilising both the road and rail network. However, the regional Ports of Albany, Geraldton and Esperance also play an important role in the export of grain from WA and their transport links are equally significant.

The WA grain task consists of bulk freight flows that include a mix of products originating from a geographically wide grower base and generally require transportation over long distances to port.

The movement of grain is currently via road and rail to port facilities at Albany, Esperance, Fremantle and Geraldton. While movement by rail has been favoured in the past, the deterioration of the network since the leasing of the rail by the State Government to private operators and in some instances closure of regional lines has seen a greater shift towards road transport. This has placed a greater burden on existing road infrastructure which in most instances was not built to cater for larger mass vehicles associated with grain transport.

The State Government has recently established a Grains Infrastructure Group comprising representatives from State Government, the Australian Rail Group, Co-operative Bulk Handling and the Australian Wheat Board to consider high level strategies related to grain handling, storage and transportation. The draft recommendations of the WA Grains Infrastructure Group include the development of a multi-agency integrated policy for the grain network including heavy vehicle regulation and ongoing funding

mechanisms. A critical part of the draft recommendations also includes the development of a long term pro-rail view to the movement of grain in WA.

To achieve this goal will require a greater investment by State and Federal Government in rail infrastructure. From a Local Government perspective, it is critical that this investment is not at the detriment of road infrastructure.

Accordingly, there is a need to recognise the significance of the bulk grain transport network and the need to align the grain value and freight task to wider national initiatives and allocate funding to transport infrastructure accordingly.

The grains supply chain is integrated across transport modes and involves a range of storage and handling facilities. The network extends from farmgate to port, ideally in a seamless manner. Ensuring this network remains as efficient as possible requires improved integration and investment decisions. The Federal Government's role should be to ensure its funding decisions result in outcomes that are both commercially sensible and are cognizant of the increasing needs of the community to minimise the negative impacts of heavy transport.

Rail Infrastructure

In WA the rail system that serves the grains industry is made up of both standard gauge and narrow gauge track. From a grains industry perspective the transport system functions as an integrated network and critical components of the supply chain include both standard gauge and narrow gauge track.

However, less than 20% of grain is handled on the standard gauge interstate network. Much of the remaining 80% of the WA rail network is now privately owned or leased and does not receive State Government funding for maintenance or upgrade.

Without sufficient attention across the network, including investment in the narrow gauge network and replacement of rolling stock, there is the very real chance that vital parts of the system will further deteriorate which will adversely affect its ability to compete effectively with road, possibly to the extent that rail becomes commercially unsustainable. The entire network is critical to the grains industry and should be recognised at a Federal level.

This situation could be exacerbated if Federal funding is limited to the interstate network under Auslink. If this occurs, the economic capacity to regenerate the narrow gauge asset will be beyond the industry means. Any significant loss of rail share to road would have far reaching negative social and environmental impacts long into the future.

Road Infrastructure

The road system that supports the grains industry consists to a large extent of Local Government roads, State Government roads and, to a lesser extent, the National Highway system. As with rail, the grains transport system is integrated and dependent on all parts of the supply chain supporting efficient transport of grain.

It is clear that without sufficient funding parts of the road network, particularly the local road network are at the risk of failing, further highlighting the importance that investment in the rail network is not at the expense of road infrastructure.

Port Access

More than half of the export grain produced in WA is exported through regional ports. On average 40% of grain transported to regional ports occurs on road. Approximately 10% of all grain movements to port involve a combination of both road and rail transport.

However there is growing intolerance in communities to heavy vehicle transport and the road network at the port interface is coming under significant pressure across all the ports in WA. Effective access to ports is critical to the future development of the export grains industry and accordingly, this part of the rail network needs to be recognised at the Federal level.

Timber/Woodchips Transportation

Another major export commodity originating from the south west of WA is plantation timber products (woodchips). The Bluegum plantation development is concentrating in a 30-50 km crescent that extends from South West into the Great Southern to the coast some 60 km to the north east of Albany. More than 50% of the plantations in Great Southern are less than 50 km from the regional centre of Albany.

While woodchip exports commenced in 2001/02, with shipments of approximately 71,000 tonnes, production is expected to rise sharply in the short term as plantations reach maturity. The Timber Industry Road Evaluation Strategy (TIRES) reports (1998 & 2001) estimates production to plateau in 2008 at about 2.5m tonnes per annum. Longer term production levels will depend on yields, markets and patterns of replanting, among other factors. Based on these estimates, the value of hardwood chip exports would be about \$210m per annum (based on current fob values of about \$84 tonne log equivalent). This would generate a direct increase in Gross Regional Product of approximately \$100m representing a 27% increase in the contribution from the agriculture, forestry and fishery sector (GRP in 2001 of \$366m).

In 2002, consultants Gutteridge Haskins & Davey (GHD) estimated that approximately 60% of the woodchips produced would originate from plantations to the north and north west of Albany (served by the railway and Albany Highway), 38% to the north east of Albany (entering Albany via Chester Pass Road) and about 2% from coastal western areas (via the South West Highway).

The 2004 "Five Year Regional Transport Plan" prepared for stakeholders in the timber industry in the Great Southern region by the LGInfo Group states that a number of issues are emerging as the timber industry develops. These include:

- The impact on local roads when the plantations are harvested, keeping in mind that the yield from timber (tonnes per hectare) over a ten year period is approximately 6 times that of grain and 150 times that of sheep and cattle.
- All of the timber will be transported to the port and a significant proportion will be by road. There will be a significant impact of the heavy road haulage on the Albany town community.

The Plan predicts that there will also be an impact on the main highways which collect the timber haulage from the local roads and provide access to the woodchip mill or the port. These highways have not been designed for the intense timber haulage and the potential conflict with other road users is high.

Road Infrastructure

The majority of the transport task for the timber/woodchip industry is undertaken on road. While the state roads are the responsibility of the State Government, the local roads are the roads providing access to the various plantations and are the responsibility of Local Government.

The regionally significant roads are multi-user local roads that connect with state roads. They are also the responsibility of Local Government although the State Government provides limited financial assistance.

The Infrastructure Plan (a program of maintenance needed to maintain the road infrastructure network in a serviceable condition appropriate to the function of the road based on these tonnages) represents a total value of \$41m including \$12.9m for regional and local roads.

Rail Infrastructure

The rail link that is relevant to the transport task for the timber industry is the 20km section between Mirambeena (APEC's chipping mill) and Albany Port. The access road to the mill (Down Road) plant has been upgraded and a spur line to the main southern railway line constructed. Berthing infrastructure has also been provided at the port to handle the loading of wood chips transported by rail.

The transport logistics are working well and no further infrastructure investment to support the rail operation is identified in the Infrastructure Plan although some consideration may need to be given to passing loops to allow two-way rail movements.

Mining

While this submission is somewhat focused on the bulk commodities of grain and timber originating in the more densely populated south west of the State, a large proportion of the freight transport task can be attributed to mining industry commodities out of the State's north west. The majority of bulk mining commodities of iron ore and alumina are transported by rail to ports in the north west.

As one of the State's largest industry players, the iron ore and petroleum industry have often provided their own transport and port related infrastructure and that this practice is likely to continue in future. For instance the 1500 km Pilbara railway in the north of the State is privately owned and transports iron ore from 13 operating mines producing an estimated 255m tonnes per annum in 2004 to Port Hedland, Port of Dampier and Port Walcott for further processing and export.

While haulage of bulk mining commodities by road generally occurs over shorter distances on a cross section of private, State and Local Government maintained roads, this still equates to 20% of the mining commodities transport task being undertaken by road.

Regional Intermodal Freight Hubs

The State Government recently announced plans to construct an intermodal terminal in Perth's eastern suburbs at Kewdale to reduce the number of container road trips to and from Fremantle Port.

Given the vast distances between regional centres, it envisaged that the development of several intermodal freight hubs will occur within the next few years and play a significant part in the optimal movement of freight throughout regional areas of WA.

An example of what can be achieved through Regional Intermodal Freight Hubs is highlighted in the case study below.

Kalgoorlie-Boulder Transport Hub

The City of Kalgoorlie-Boulder is the regional service centre for the Eastern and North Eastern Goldfields in WA. Its current population is approximately 32,000, and is located on a rich mineral belt extending in a north westerly direction from Norseman to the Pilbara. This has the potential of becoming a significant future land transport corridor.

From a transport perspective, the City forms a natural land transport hub. The National Transport Secretariat map of Australia's strategic freight corridors of national significance shows the City located at the intersection of major multimodal corridors between the eastern states and Perth and Esperance Port and Leonora.

It is serviced by the Transcontinental Railway, the north-south railway between Leonora and Esperance, and the Great Eastern Highway from Perth and the Goldfields Highway. Both highways connect with the Eyre Highway at Norseman. Also, due to the size of the City's economic hinterland, transport infrastructure to the north of Leonora is integral to the functioning of the transport hub.

The future prosperity of the region is strongly dependent on a continued improvement in land transport efficiencies. The main economic driver for the region is the mining industry, which is experiencing transport costs of up to 25% of operating costs.

The project is currently under going a feasibility study being substantially funded by the State Government. The total project is a multi million dollar project including the cost of the intermodal facility itself, local road and rail links and upgrades to service the facility, upgrade of road and rail facilities regionally to take advantage of the intermodal facility (particularly the Goldfields Hwy - Northern Highway link).

Local Government considers that a collaborative joint effort will be essential for this project to succeed. Funding contributions could be generated from Local Government, State and Federal Governments, the mining industry and other stakeholders that may benefit from the project.

INQUIRY TERMS OF REFERENCE 4

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

The Association considers that the majority of the issues identified under Terms of Reference 1, 2 and 3 inform our comments in relation to Terms of Reference 4. On this basis, the Association provides the following summary of our key positions and comments in relation to the integration of rail and road freight transport and their interface with ports.

Road Infrastructure

- In WA road transport is generally the dominant mode for moving freight over short distances, whereas rail and sea are the preferred options for long-haul journeys. The State's regional freight transport network, in both distance and coverage, is dominated by the road system.
- The 3 spheres of Government have a responsibility for managing the road network – the Federal Government has responsibility for national highways, the State Government for state roads and Local Government for local roads. In WA, Local Government has responsibility for managing 121,000 kilometres of roads which equates to 72% of WA's road network.
- Local roads are the capillaries which feed the nation's arterial roads and national highways. These roads link homes to schools and shops, they take commuters to arterial roads and national highways. In regional areas, they connect entire communities. Local roads significantly contribute to nation's economic capacity with 73% of all freight trips beginning or ending on a local road.
- Funding from Federal and State Government sources is vital for the local road network. In this regard, the recent decision by the Federal Government to renew Roads to Recovery (R2R) for a further 4 years was very strongly welcomed by Local Government. Roads to Recovery is seen as an excellent example of productive partnership between the 2 spheres of government, providing vital financial assistance to address the massive backlog in road maintenance faced by Local Government. While Roads to Recovery funding is having a positive impact on addressing the maintenance backlog on local roads, the extent of the backlog in WA suggests that the Roads to Recovery program will need to continue for at least the medium term.
- In WA there is a heavy reliance on roads for economic development and social connectivity involving the movement of freight and people over long distances. According to data collected by Main Roads WA 22% of the State's overall freight task occurs on local roads. In this context it is imperative that State Government continues to recognize the importance of the local road network to the State's economic capacity and provides direct funding from State sources to local roads.
- The private sector in WA makes a minor (1.7%) contribution to the local road network. It is considered that the potential to increase this contribution in WA is limited due to the vast length of road network, sparsely populated regions and minimal economic returns. There is only potential to leverage greater industry contribution to road infrastructure where there are direct returns to industry such as mining, grain and timber/woodchips. The policy needed to support the leveraging of contributions from the private sector for road infrastructure requires a whole of Government approach to succeed.

Rail Infrastructure

- The State's rail freight network is predominately managed by the WA State Government through lease arrangements with private operators or owned by private companies.
- There is growing evidence to suggest that the State's rail network, particularly the narrow gauge lines are deteriorating in standard and are proving economically unviable. This is placing considerable pressure on road infrastructure to take ever increasing freight volumes.
- This is a public policy issue that requires consideration by the State Government as any closure of rail will have a significant impact on local road infrastructure. The Association considers that the State Government needs to review its level of investment in WA's deteriorating rail network however this should not occur to the detriment of State Government investment in road.
- Where strategic rail networks are not viable or do not have the capacity to take the increase in the freight task, the State Government should increase its level of investment in the strategic State and local road network, particularly where industries utilising the network benefit the economic position of the State as a whole.
- In general, Local Government considers there are both infrastructure protection and environmental benefits in using rail, rather than road transport, especially for bulk freight. Accordingly, it is important to recognise that full externality costs should be taken into account in setting the regulatory framework for regional freight.

Ports

- A critical element of freight transport efficiency is port connectivity. This is often very difficult in relation to ports located in major cities, where freight access is complicated or restricted by competition with passenger traffic (whether road or rail) and/or impacts on residential amenity and safety.
- While the Federal and State Governments have responsibility for the majority of the port connectivity infrastructure and regulatory frameworks, Local Government has a useful role in relation to balancing the transport industry's need for efficient port access with community expectations on residential amenity.
- The Federal Government is in a unique position to promote, co-ordinate and disseminate information on sustainable port accessibility initiatives across all levels of government. While the State Government will need to take the lead on many of these programs, the benefits of changes in transport use, such as freight route segregation, heavy vehicle access times and conditions and freight depot location, also require promotion at the local community level.
- Funding assistance to Local Government from the Federal Government for a pilot program in these areas would expedite consideration of key issues such as integrated land use and transport planning (where Local Government is a core player), traffic congestion, safety and travel demand management.

Integration of the Transport Task

- The role of the 3 spheres of Government and the private sector in providing and maintaining the regional transport network needs to be defined with appropriate levels of funding made available to ensure that transport infrastructure is maintained at optimal levels.
- Development of Regional Freight Hubs will require a collaborative joint funding effort from Federal, State, and Local Governments, industry and other stakeholders that may benefit from the project.
- The Strategic Regional Component of Auslink has the potential to fund projects that focus on strategic transport networks in WA such as grain networks (both road and rail), timber/woodchips networks (both road and rail) and mining networks, together with associated storage and handling facilities at ports.
- The Association has estimated that in WA alone there is in excess of \$200m worth of regional projects which may have benefited from the Strategic Regional Component had it been more widely available. These projects are strongly focused on land transport strategies that will connect to the National Network and which will promote partnerships between the 3 spheres of Government and industry in WA.
- The Association is requesting that the Federal Government give consideration to increasing the total funding for the Strategic Regional Component of Auslink to \$400m. This amount would be in line with the original sum proposed for the Roads to Recovery 'strategic pool' and could be distributed equitably between all states and territories, and then within each jurisdiction, on a competitive basis.

National Land Transport Network

- The Federal Government can assist WA in meeting its freight challenges by expanding the National Land Transport Network to include the Brand Highway/North West Coastal Highway and the major regional ports.
- The Federal Government can also aid WA in meeting its freight challenges by taking a more active role in the State's transport needs through the development of equitable Land Transport Network funding allocations for WA. The current allocation of Auslink funding to WA is considered unreasonable and should be increased.
- From a Local Government perspective it is seen as imperative that the National Land Transport Network is ultimately informed by State Land Transport Networks which are subsequently informed by Regional Land Transport Networks. The Association has identified a need for Federal assistance to ensure that Local Government can significantly contribute to the development of regional transport strategies which can in turn link to State Land Transport Networks.

Contacts

For further information on the submission of the WA Local Government Association to the Inquiry into the Integration of Regional Rail and Road Freight Transport and their Interface with Ports, please contact Debbie Terelinck, the Association's Executive Manager of Transport and Roads on (08) 9213 2031 or email dterelinck@walga.asn.au.

APPENDIX A – REFERENCES

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