



9th May, 2005

Tas Luttrell
Principal Research Officer
House of Representatives
Standing Committee on Transport and Regional Services
Parliament House
CANBERRA ACT 2600

Dear Sir/Madam

The Limestone Coast Regional Development Board is pleased to have the opportunity to make a submission to this inquiry.

It is most timely that there is an inquiry into the Integration of Regional Rail and Road Freight Transport and their interface with Ports, given the growth in the freight task within the "Green Triangle" region (South East South Australia and South West Victoria).

Much of that freight task is related to bulk goods including grain and wood chips, with the major growth component being wood chip from soon to be harvested, first rotation blue gum plantations.

Regional leaders and industry stakeholders have been actively promoting the need to upgrade key transport infrastructure, before the additional 5 million tonnes per annum of blue gum timber traffic, starts to impact.

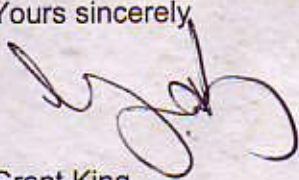
The Port of Portland is central to much of the freight task and the Terms of Reference for this inquiry are almost the perfect script for the situation confronting this region.

Submissions have been made to the South Australian and Victorian State Governments and the Australian Government, seeking funding support for the future planning and implementation of strategic works to provide a long term freight transport system for the region.

We trust that this inquiry is able to identify a range of practical solutions to our land transport and export facilities requirements and in particular we would urge the Standing Committee to visit and investigate the Green Triangle case.

Thank you for the opportunity to respond and we would be only too happy to assist further if required.

Yours sincerely

A handwritten signature in black ink, appearing to read 'Grant King', written over a horizontal line.

Grant King
CHIEF EXECUTIVE OFFICER

LIMESTONE COAST REGIONAL DEVELOPMENT BOARD
SUBMISSION TO THE INQUIRY INTO THE
INTEGRATION OF REGIONAL ROAD AND RAIL NETWORKS
AND THEIR CONNECTIVITY TO PORTS

BACKGROUND:-

The Green Triangle is that region situated midway between Melbourne and Adelaide and comprises the South East of South Australia and the Western District and Wimmera Regions of Victoria. The Region of some 70,000 square kilometres is bounded to the South East by Warrnambool, Horsham and Keith to the North, Kingston and the Southern Coastline. Resident population is around 200,000 people.

There are eleven council areas comprising City of Mount Gambier, Glenelg Shire Council, West Wimmera Shire Council, Southern Grampians Shire Council, Moyne Shire Council, Grant District Council, Wattle Range Council, Lucindale/Naracoorte Council and Robe, Kingston, and Tatiara District Councils. The Region comprises part of the Federal Electorates of Barker, Mallee and Wannon.

With reliable rainfall and abundant underground water this very diverse and highly productive regional economy is driven by a variety of agricultural activities, including around 20% of the Nation's plantation forestry and wood processing, 10% of National wine grape production and winemaking, agriculture, fishing, aquaculture, tourism, transport and engineering.

Since the mid 1990's the region has benefited from large investments in forestry (blue gum plantation establishment), viticulture, dairying and reinvestment by companies involved in value adding and exporting activities. Timber processing at a number of mills is a significant employer in the region and hosts four prominent national and international forestry companies, including Carter Holt Harvey, Green Triangle Forest Products, Auspine Limited and Kimberly Clark Australia. The implementation of Plantations for Australia: the 2020 Vision will see the total timber production resource in the Green Triangle region at around 400,000 hectares by 2020, delivering a 60% increase in forestry and logging jobs.

Planned investment in mineral sands mining at the Iluka Douglas site and processing in Hamilton is set to add further diversity to the economy and further increase freight volumes on regional roads by in the order of 350,000 tonnes per annum.

Central to much of the economic importance to the region is the export Port of Portland. Road and rail linkages to the Port have served the region reasonably well, however, with current growth and predicted increases in freight which will move to the Port within the next 5 years, the transport infrastructure will be inadequate.

The South East of South Australia has no operating rail system, connecting either the Port of Portland or the National Grid. Pressure on the Princes and Riddoch Highways will increase significantly and other main arterial and local roads will feel the impact of much higher freight volumes.

Local Government Authorities, industry and economic development agencies in the Green Triangle believe that the region should not have been overlooked in the Auslink Plan. If economic performance and actual growth are considered, regional

leaders are calling for the Green Triangle to be included as an urgent priority for funding support.

The Green Triangle Region has a history of collaborative cross border planning and cooperation, especially in the areas of economic and community development and tourism marketing and Local Government relations.

GREEN TRIANGLE RAIL NETWORK:-

The broad gauge rail lines in the Green Triangle region connect Mount Gambier to Wolseley (183km), Mount Gambier to Millicent (50km) and Mount Gambier to Rennick on the Victorian Border (18km). The broad gauge line in Victoria extends from Rennick to Heywood (71km), and on to the major port of Portland via the standard gauge link between Maroona and Portland. The network connects into the main interstate standard gauge line at Wolseley and at Maroona.

The broad gauge rail freight operations ceased in 1995 when the Adelaide to Melbourne Gauge Standardisation project was completed and the network was isolated from Portland and the interstate mainline.

Prior to 1995, the railway was operated in South Australia by the Commonwealth Government through the Australian National Railways Commission and in Victoria by the State Government through V/Line Freight.

In 1997 the Commonwealth sold Australian National to Australia Southern Railroad (ASR) including the South East rail infrastructure, while the rail corridor land was returned to the South Australian Government and leased to ASR. In March 2000 Australia Southern Railroad surrendered its lease except for a small section of line at Wolseley. Under the lease agreement, ownership of the infrastructure returned to the South Australian Government.

In 1999 the Victorian State Government sold V/Line freight to Rail America, including a long term lease of the Victorian rural rail network including the Heywood – Rennick link of the Green Triangle network. The business, trading as Freight Australia, was sold by Rail America in 2004 to Pacific National Pty Ltd.

The section of the Green Triangle railway in Victoria is currently not operational and is leased to Pacific National. In South Australia, the Green Triangle railway between Millicent and Rennick and Mount Gambier and Penola is leased to Limestone Coast Railway and operated as a heritage railway. The section between Penola and Wolseley is not operational. ASR currently leases a small section of line south of Wolseley to the grain terminal.

GREEN TRIANGLE ROAD NETWORK:-

The primary arterial road network in the Green Triangle Region includes

- The Princes Highway between Warrnambool and Portland and Millicent and Heywood
- The Henty Highway between Hamilton and Portland
- The Riddoch Highway between Keith and Mt Gambier

Traffic volumes and freight are significant on these routes, particularly close to the major freight centres of Mount Gambier and Portland where traffic volumes exceed 5000 vehicles per day. Commercial traffic is a significant proportion of traffic, exceeding 33% of total traffic on routes between Mount Gambier and Portland. Total road freight carried on the roads in the corridor exceeds 4 million tonnes per annum.

Other significant arterial roads include the Glenelg Highway, the Wimmera Highway, and the Princes Highway west of Millicent, the Southern Ports Highway and the Mount Gambier – Portland road via Nelson.

These are supported by secondary arterial roads connecting to these links and an extensive network of local roads.

PORT OF PORTLAND:-

The Port of Portland is a sheltered, all weather, deep-water port strategically located between the capital cities of Melbourne and Adelaide. The modern Portland harbour is formed by two man made breakwaters with a north facing entrance channel. There are four common user berths catering for most types of bulk and general cargo vessels and a fifth special purpose berth dedicated to Portland Aluminium. Portland is within 10 nautical miles of coastal shipping lanes and 25 nautical miles of international shipping lanes.

The Port specialises in the storage and handling of bulk commodities and serves the region's rich agricultural, forestry, manufacturing and mining industries as well as regionally based aluminium and fertiliser producers. In excess of 4 million tonnes of product is transferred over the Port's wharves each year, of which some 2.6 million tonnes arrives at the Port by road.

The major products exported through the Port of Portland are grain (wheat, barley, canola & pulses), woodchips and logs, aluminium ingots and livestock (sheep & cattle) whilst the major import commodities are alumina, liquid pitch and fertiliser products.

The Port was purchased from the Victorian Government in March 1996. The Port is owned and operated by the Port of Portland Pty. Ltd. a private company owned, in turn by Port of Portland Holdings Pty. Ltd. The Port is ultimately owned by Utilities Trust of Australia (a private infrastructure fund) & Australia Infrastructure Fund (a publicly listed infrastructure fund) both of which are managed by Hastings Funds Management.

BORDER ROAD PROJECT:-

The proposal to construct a Border Road is contained in the "South East 2020 Transport Strategy" developed by the South East Local Government Association (SELGA) in 1999-2000. This Study examined the long-term transport infrastructure needs of the South East and recommended that a feasibility study be undertaken to evaluate the benefits of the Border Road proposal. (The Border Road is a proposed new two lane sealed road running 72 kilometres along the SA Victorian Border from near Wrattonbully north east of Coonawarra to the Princes Highway east of Mt Gambier.)

Auspine Ltd undertook a preliminary study into the feasibility of the Border Road in 2001. The Study was conducted by Maunsell Australia Pty Ltd, which determined a cost of construction, the direct transport economic benefits and the diversion of freight traffic from the Riddoch Highway. The Study determined that the Border Road is a \$15million project that could be completed in one to three years.

The analysis by Maunsell was based mainly on timber industry information, but the full range of social, economic and environmental costs and benefits were not included. Maunsell has advised Auspine that a preliminary and approximate re-calculation of the benefit and costs, using three different assumptions about usage, derived from the report "Limestone Coast Plantation Timber 2005 and Beyond", August 2004 and other sources, yielded benefit cost ratios for the period 2005-2039 in the range of 1.4 – 2.5.

There is considerable support for the concept of the Border Road and major logging contractors and wood chip hauliers in the South East of South Australia recently issued a press release supporting development of the Border Road to ease freight congestion on the Riddoch Highway.

The Border Road proposal is worthy of a detailed analysis for its economic, environmental and social benefits. Further analysis of the benefits of the Border Road proposal compared to the alternative of further investment in the Riddoch Highway, should be undertaken.

LIMESTONE COAST PLANTATION TIMBER STUDY:-

In September 2004, the Limestone Coast Regional Development Board and the South Australian Department of Trade and Economic Development released the "Limestone Coast Plantation Timber 2005 and Beyond" Study prepared by consultant forester Diana Lloyd. The study examined the Green Triangle Region forest and wood products industry, its plantation resources and development trends, processing activities and woodflow forecasts. It identified significant opportunities for value adding and other investment as well as key issues. Transport infrastructure, in particular the opportunity for rail transport and the potential for an alternative road link (known as the Border Road) was highlighted.

The study concluded that on average, there will be an **additional** 3 million tonnes of woodchips transported to Portland annually during the next 35 years and that the provision of a streamlined and efficient transport system is essential for the region to improve its competitiveness and ability to cope with the maturing blue gum resource. A copy of the report is attached hereto.

CONCLUSION:-

The Local Governments of the southeast of South Australia and the southwest of Victoria are concerned that the Federal Government did not recognise the region's main transport corridor and the Port of Portland in its recently announced AusLink National Land Transport Network. It is noted however, that the Commonwealth acknowledged the growth that is occurring in the region and that the exclusion of the link should be reviewed.

As part of this review, it is necessary to document the freight tasks of the region over the next 15 years and create a corridor plan that addresses the short and long term

freight infrastructure needs of the region. The intention is to develop a longer-term corridor strategy to address the freight infrastructure needs of the region to the year 2020.

It is proposed that, in accordance with the AusLink White Paper, this work include consideration of:-

- Role and objectives of the region's transport system, including its role within the broader network and how the corridor needs to perform into the future to undertake those functions safely and effectively.
- Transport corridor conditions, including condition of the principal infrastructure within the corridor and its adequacy to efficiently and safely meet existing traffic demands.
- Analysis of traffic growth and other forecasts, including future traffic demand and the factors most likely to influence it as well as the implications for capacity, safety and the environment.
- Transport needs analysis, that enable the region to meet its objectives into the future.
- Priorities analysis, including the long-term transport and land use options for meeting future needs covering road and rail alternatives and intermodal solutions.
- Identification of priority projects, their optimal timing and indicative costs and benefits.
- Private sector involvement, including scope for private sector investment in priority areas identified for the region.

Such a project requires collaboration between the Commonwealth, the States of Victoria and South Australia and the Local Governments of the Green Triangle Region. Close engagement will be required with the Australian Rail Track Corporation, Pacific National and the Port of Portland. Consultation should also take place with the key stakeholders in the region, including key industry bodies, freight forwarders and transport companies.

As stated in the covering letter, the inquiry is almost a perfect script for the situation facing the Green Triangle Region.

Grant King
Chief Executive Officer

9th May 2005