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13 October 2005

The Secretary
House Standing Committee on Transport & Regional Services
House of Representatives
Parliament House
CANBERRA ACT 2600

trs.reps@aph.gov.au

Dear Sir/Madam

Inquiry into integration of regional rail and road networks and their interface with ports

I am providing this letter and the enclosed report to the Standing Committee on Transport and Regional Services as a submission to the above in Inquiry. I note that the Committee has extended the timeframe for the acceptance of submissions to this inquiry and I hope this material will be of value to the Committee in its deliberations.

A3P is the national representative body for the Australian plantation products and paper industry. The industry represented by A3P has annual sales exceeding \$14 billion, employs 50,000 people and harvests 15 million cubic metres of logs each year which are converted into a wide range of products including 3 million cubic metres of softwood sawn timber and 3.2 million tonnes of paper.

The 31 members of A3P include the major Australian plantation growers, wood processors and paper manufacturers. The diversity of membership and representation from the three sectors allows A3P to develop innovative and constructive positions that reflect the interests of all parties along the production chain.

Transport is a key cost and profit driver for the Australian wood and paper products industry. The enclosed consultant's report to A3P (Cameron Consulting, May 2005) indicates that our industry moves about 50 million tonnes of product per annum with log input accounting for about 75%, other inputs 8%, product output 15% and by-product outputs 1% of volume. Transport costs across inputs and outputs average about 23% of product prices and range from 12% for paper to 37% for export woodchips. On average across all product segments, log haul accounts for about 78% of all freight cost and about 18% of final selling price. Log haulage averages about

90 km but haulage of finished products, such as paper, wood panels and sawn timber, to domestic customers or export ports averages about 645 km.

The wood and paper products industry is highly dependent on road freight. About 86.6% of freight for the industry is hauled by road, with about 12.0% by train and 1.4% by coastal shipping. The proportion of rail and coastal shipping is higher for movement of finished product.

The location and nature of road infrastructure is a key factor impacting on transport costs but not the only one. Regulation of the use of the road network is also of vital importance.

A3P, along with a number of other key industries, has expressed serious concerns about the National Transport Commission's (NTC) 3rd Heavy Vehicle Charges Determination. We have been advised by the Australian Trucking Association that the proposal that has been put forward by the NTC would result in increases in road transport costs of between 5-8%. Such an increase, coming on top of the current substantial increases in fuel costs, would have a significant adverse impact on the wood and paper products industry in Australia.

The plantation log haul sector has a long history of uptake of innovative developments and responsible road use. Log haul is exclusively by articulated trucks which deliver fewer fatalities per tonne kilometre than rigid trucks. There has been strong uptake of B-doubles and other more efficient, road friendly and safer rigs. Recently the log haul sector has embraced accreditation, new mass limits, and road friendly suspensions delivering further improvements in efficiency, safety and environmental outcomes. Uptake of efficiencies is currently seriously constrained by the gazetting of too few roads for use by B-doubles or at higher mass.

At a regional level our industry has made a huge contribution in terms of studies to identify likely future road use demands and priorities for upgrading and maintenance of roads. TIRES studies have been undertaken in a number of areas, particularly Western Australia, Victoria and south-west NSW. In addition the industry contributes directly to the funding of specific road upgrade and maintenance projects.

Once again, I trust the information above and attached is useful to the Committee. If you have any questions in relation to this submission please don't hesitate to contact Richard Stanton, Manager Policy (02 6273 8111 or richard.stanton@a3p.asn.au).

Yours sincerely



Neil Fisher
Chief Executive Officer