



13 May 2011

Mr Michael Deegan
Infrastructure Australia
Level 21 Deutsche Bank Building
126 Phillip St
Sydney NSW 2000

Dear Michael

RE: Comment on National Land Freight Strategy Discussion Paper

Following our meeting with you at Scenic Rim Council and our correspondence thereafter please find here some initial comment on the discussion paper. Our comments are framed in the context of our land ownership at Bromelton and our view that our project and Bromelton generally has the potential to deliver on many of the themes addressed in the discussion paper.

1. Context

Our comments are made in the context of two frames of reference.

- A philosophical belief in the national importance of an efficient freight network and hence many of the principals in the discussion paper
- Influenced by the above point, our ownership of land at Bromelton (Nucleus Transmodal Hub, Bromelton)

We have not endeavoured here to provide an analytic justification of our views. Our comments are conceived from a range of reference points:

- Direct experience in the United States with ownership of intermodal precincts via our Mirvac Industrial Trust
- A national perspective as one of Australia's leading REIT's (Mirvac Property Trust)
- A local perspective on the importance of Bromelton for south east Queensland growth and it's integration in a national freight logistics context

We are of the view that an efficient freight logistics network underpins our economy. Any deficiencies in the network result in a measurable impact on economic productivity and a range of related factors as addressed in the discussion paper.

- Economic productivity generally

- Energy consumption and emissions – sustainability issues
- General quality of life and amenity – social issues

While we acknowledge the merits of a coordinated controlling body for land transport in Australia and the evolution of models to achieve cost of use equity for various land transport modes, these initiatives by their nature will take time to develop and implement and will experience numerous “roadblocks” along the way. To that end, adopting a phrase in the discussion paper, Mirvac consider our Nucleus Transmodal Hub precinct to be largely a “ready to go” project.

2. Observation of Trends in Australia

Logic supports the notion that with vast distances to cover, Australia should adopt the efficiency of rail for the carriage of freight. It is of interest that external factors have historically influenced the predominant freight modes in Australia.

During the Second World War, government owned rail infrastructure suffered a shortage of funding which was dedicated to other war effort priorities. Concurrently, the United States military introduced advanced road construction engineering to Australia along with the semi trailer. Both gained favour over the by then degraded rail infrastructure. Hence, the most logical choice for freight carriage was superseded by an alternate paradigm.

Globalisation has and will continue to influence Australia’s needs for freight infrastructure. Asian destinations offer a ready supply of imported product at more competitive prices than Australia can manufacture. The steady flow of manufacturing offshore at the expense of Australian manufacturers eg. Pacific Brands, will continue while the cost of labour in these locations is so relatively low compared to Australia. As a result, seaborne containerised freight will grow substantially necessitating increasingly efficient freight infrastructure solutions.

The dominance of the resources sector in Australia will drive population growth to regional areas where employment will be a key driver. As a result, freight infrastructure will need to keep pace in order to supply these locations. Freight logistics solutions will need to adopt high efficiency transport vehicles (trains that carry large volumes of freight per long haul trip), efficient warehousing including cutting edge integrated logistics solutions, just in time inventory management systems, real time freight monitoring and most importantly efficient freight transfer between transport trips and modes.

Does Bromelton meet the challenge of future freight efficiency objectives?



3. Comment on Constraints and Challenges

We comment below on the 4 constraints listed in the paper.

It is also relevant that another constraint is the general lack of understanding of the principals of the discussion paper at many levels within government and the broader community. The “political mileage” in a commitment to freight infrastructure may be less than a shorter time horizon commitment to an enhanced broadband network for example. It is unlikely that a broad cross

section of the community would appreciate the need for restructuring of the land freight network in Australia to the level contemplated in the discussion paper.

3.1 Restricted Use of Infrastructure

Regarding Bromelton, it is fair to say that the rail corridor passing our site is restricted in its use or at least not being used to its capacity.

The Qld State Government's Land Planning division retain a significant focus on new industrial land at Ebenezer on the Cunningham Highway south of Ipswich where the state own land. This is incongruous in the sense that Bromelton currently has adjacent rail. While a rail corridor has been designated for Ebenezer, our understanding is that it would rely on the inland rail route from Melbourne to Brisbane being delivered before it would link to Kagaru or thereabouts north of Bromelton. Most opinion seems to suggest the inland route to be a likely eventuality but decades away.

On the basis of the above it is eminently more sensible to achieve greater use of the existing Sydney – Brisbane rail line with rail a serviced precinct at Bromelton. This of course would provide an outcome that delivers on all of the underlying principals and benefits outlined in the discussion paper by enhancing use of existing infrastructure and higher usage of more efficient transport vehicles (trains).

It is encouraging to see that certain initiatives have been commenced which will further enhance rail's potential.

- ARTC upgrade of east coast rail Melbourne to Brisbane – extending passing loops, grade easing, curve easing
- Federal funding of dual gauge upgrade from Brisbane to Bromelton

Does Bromelton reduce restrictions on use of infrastructure?



Does Bromelton enhance use of more efficient transport vehicles?



3.2 Encroachment

In contrast to the misdirection of focus noted in 3.1 above, the State, in a positive step, designated a State Development Area (SDA) over the greater Bromelton area in late 2008. The SDA “quarantines” land in the area for future rail serviced industrial development.

As a result of that designation, Scenic Rim Council are obliged to prepare a Structure Plan under Qld legislation which amongst many other considerations, ensures significant buffers to the development land in order to avoid urban encroachment. In this regard, Bromelton “ticks a box” in regard to constraints.

The major existing intermodal terminal in Brisbane, Acacia Ridge, is flanked by residential development today. In addition, the adjacent traffic infrastructure is subject to increasing load quite separate from any additional load that may result from expansion of the terminal. While it

is understood that Acacia ridge has a future lifespan, it is unquestionable that alternatives need to be progressed.

Does Bromelton avoid urban encroachment?



3.3 Uncertainty About Capacity for Growth

Various points addressed in this section of the discussion paper are relevant to Bromelton.

Asset condition is relevant in the context of roads. The roads in the vicinity of the Bromelton precinct are in reasonable condition but of inadequate capacity to accommodate the collective of general growth in the Scenic Rim area and Bromelton.

While a future regional highway is planned to pass through the Bromelton State Development Area, the time frame for its delivery is such that developers proposing to commence development in the foreseeable future will not see benefit from it to their developments and as such will be quite reasonably opposed to being asked to fund the road. This presents a good argument for a user pays approach ie. tolling, another theme addressed in the discussion paper.

Also SEQ's infrastructure planning does not currently indicate extension of the Mt Lindsay Highway from Jimboomba to Beaudesert. The upgrade from the north to Jimboomba is in progress now. This seems incongruous given the dedication of Bromelton as a State Development Area and future key industrial precinct.

Anecdotal evidence would also suggest that upgrade of existing local roads in the vicinity will present challenges for the state road authority in terms of availability of funding.

The TRAIN concept addressed later in this document (upgrade of the existing Summerland Way) is an example of an opportunity to upgrade the condition of an existing asset at relatively low cost but with substantial cost-benefit payback.

The concept of asset condition is also relevant in regard to the Acacia Ridge rail terminal where observation suggests less than cutting edge operations and dilapidated or non operational equipment. The question remains, as noted elsewhere in this document, is Acacia Ridge a long term solution for SEQ's intermodal requirements?

3.4 Lack of Responsiveness of Infrastructure to Economic Demand

In general we are of the view that progression of a freight rail serviced precinct at Bromelton will incrementally enhance the responsiveness of existing and proposed infrastructure. Current rail upgrade works (Melbourne to Brisbane), and the ability to reduce long haul truck trips via the use of rail to Bromelton will lessen demand on road infrastructure while capitalising on the vastly underutilised rail network. This is on the assumption that the trip time for long haul trains will improve as predicted with the upgrades that are in progress. Following this, rail should emerge as a viable alternative to road.

Does Bromelton contribute to the enhancement of the performance of freight infrastructure?



4. Bromelton in the Context of Queensland's Growth Strategy

In early 2010, Premier Bligh hosted a Growth Summit from which various strategies were evolved with the aim of managing Queensland's future growth. While the objectives and actions that resulted were many and varied, several were particularly relevant in the context of Bromelton.

- **Decentralisation of Residential Development**

Several growth hubs were designated in the form of Flagstone, Yarrabilba and Ripley to encourage residential development away from the greater Brisbane area. These centres are located south of Brisbane and north of Bromelton. The Urban Land Development Authority (ULDA) have been allocated the jurisdiction to fast track these projects. Our observation, supported by others including some involved in the projects is that the missing link is the employment hub to support such precincts. Bromelton is a logical solution to that issue.

Does Bromelton offer employment for key Queensland growth hubs?



- **Congestion** – various themes in the growth strategy related to this item. Targets to reduce the number of vehicle trips on roads, encourage active transport (bikes and walking) and other themes around congestion reduction were contemplated.

Does Bromelton offer a mechanism to reduce SEQ road congestion?



5. Impediments to Bromelton's Progression

The main impediments to Bromelton's progression are seen as:

- Time frames for securing certainty over planning ie. planning instruments to be locked in (Council Structure Plan, State prepared Development Scheme over the SDA)
- Potential for authorities to deliver infrastructure in a timely manner and at reasonable cost – primarily roads, sewer, water
- Achievement of an equitable infrastructure contributions regime which will allow development to proceed on a commercially viable basis
- High level acknowledgement, particularly at Qld state level, of the importance of efficient freight logistics networks and hence precincts such as Bromelton as vehicles to deliver on that need.

6. TRAIN

We support the enhancement of the Summerland Way as an alternate/additional transport route to the Pacific Highway. The potential to open up further inland areas of northern NSW and SEQ to economic prosperity makes sense and appears to be an opportunity that can be delivered at

relatively low cost. In many ways, the TRAIN concept delivers on themes addressed in the discussion paper.

Conclusion

On review of the discussion paper we support many of the themes it addresses. We are of the view that freight infrastructure efficiency needs to be improved in Australia and that our project Nucleus Transmodal Hub at Bromelton will contribute in part to that quest for increased efficiency.

Resulting benefits will be:

- Reduced load on road infrastructure
- Increased efficiency of underutilised rail infrastructure
- Support of SEQ's growth strategy via provision of an employment hub for proposed satellite cities
- A significant contribution to carbon emission reduction via rail use over road
- Social benefits via rail use over road ie. reduced noise pollution, reduced road fatality, reduced road maintenance demand
- Contribution to enhanced economic prosperity for the regions of northern NSW and south east Qld.

We look forward to further engagement with Infrastructure Australia

Yours faithfully

A handwritten signature in blue ink, appearing to read "Mark Goodman", written over a faint circular stamp.

Mark Goodman
Development Director