

KEEP VICTORIA'S



**Submission on the Victorian Freight and Logistics Plan
From the Alliance of Councils for Rail Freight Development
November 2013**

Alliance of Councils for Rail Freight Development – Submission on the Victorian Freight and Logistics Plan

Foreword

For many years, the Alliance of Councils for Rail Freight Development has advocated for the efficiency, amenity and environmental benefit accruing to communities from greater use of our rail freight network. The Council's members include regional, rural and metropolitan local government councils.

These councils have direct stakeholder interests as providers of transport infrastructure such as local roads (that can be damaged if state transport policy settings are inappropriate), and indirect stakeholder interests on behalf of the citizens they represent. Citizen interests include preferences to encourage rail freight on grounds of efficiency, amenity, public health and safety and respect for the environment.

In the current Submission, the Alliance submits its views on the most important recent strategic document on Victorian intrastate freight, the Victorian Freight and Logistics plan, *Victoria: the Freight State*.

The Alliance congratulates the Government on the production of this document, which is an essential blueprint to plan logistics and the investment required to secure efficiency for industry, and particularly rural, regional and export oriented industries that are of particular concern for our members.

Member councils have had the opportunity to consider the Victorian Freight and Logistics Plan and to consider this Submission. Prof E W Russell assisted in the preparation of the Submission. The Submission was approved by the Alliance at its meeting of 1 November 2013.

Cr Geoff White

Acting Chair,

6 November 2013

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Introduction

The Victorian Freight and Logistics Plan is not the first state-wide freight strategy to be put before the community by a Victorian Government, and to be considered by the Alliance. However, freight technologies and logistics imperatives change rapidly, and the Alliance welcomes this new and comprehensive study of the state's freight options. The Alliance understands that Government has invested over \$5 million in developing this Plan, and in this respect the Plan represents the biggest single investment yet undertaken in a state freight planning strategy. The Alliance welcomes this investment and congratulates Government on the result. Infrastructure investments are extremely costly and it is wise to invest and consult at the planning stage rather than proceed with projects that may not deliver expected benefits.

This Freight and Logistics Plan is unusual for a government strategy document in that it does not list conclusions, findings and recommendations. Instead it provides a context, 20 key Directions, a Summary of Strategies and Actions with priorities, and visual attachments setting out key rail and road proposals. This fresh format is welcome.

Finally a word of caution is needed. Victorian government transport planners over recent decades have issued many fine analyses and reports of our state's transport needs. These generally have been worthwhile documents. Unfortunately they frequently gather dust, without investment in or implementation of key findings and directions. The Alliance, in commending this document, also commends to government the critical need to act on key findings, and implement and invest in the better freight infrastructure our state needs.

The Alliance particularly calls upon government to invest more deeply in rail freight infrastructure, based on the freight network development plan proposed in this VFLP. The important opportunities to move more types of freight by rail over better developed infrastructure, as set out in this report; provide scope to benefit the Victorian economy that must not be missed.

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Alliance Comments on the Context, Vision and Directions set out in the Victorian Freight and Logistics Plan

The Context of the Plan includes its Purpose, Goal Objectives and Principles, and Implementation Considerations (pages 9-10)

Purpose of the Plan

The purpose of the Plan is to outline the Victorian Government’s long term strategy to improve freight efficiency, grow productivity and better connect Victorian businesses with their markets, whether local, national or international.

Alliance Comments

The Alliance agrees that improved freight efficiency and better connections between Victorian businesses and their markets is a fundamental goal for our freight system, but considers it needs to be supplemented.

The Alliance wishes to record that it views three other elements as also central to the freight strategy a Victorian government should adopt. These are:

- A freight system in which the quest for economic efficiency is accompanied by the recognition of the need to manage externalities that may arise in the quest for efficiency, for example, road safety, emissions, road damage and amenity impacts of the wider use of heavy road freight vehicles. This recognition supports accelerated investment in a rail freight system that has been under-invested and too often still experiences low speeds, low axle loads and poor designs as to port access, passing loops and terminal facilities;
- A freight system in which the respective capacity to pay of federal, state and local governments as well as road and rail users is managed and balanced without inappropriate cost shifting between levels of government or avoidance of financial burdens by particular transport modes. This recognition is a reminder that there remain crippling regulatory and financial burdens on rail freight that are not applied to road transport firms; and
- A recognition that a large part of the transport task facing Victoria relates not to the link between Victorian businesses and their markets (as mentioned in the VFLP) but to the link between Victorian businesses and their suppliers (often overseas). This means that port efficiency and initiatives such as the metropolitan freight terminal network need to be central to the state’ freight strategy.

Goal and Objectives of the Plan

The goal of the Plan is stated to be “to maximise the contribution of the freight and logistics sector to Victoria’s productivity and livability”

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Five objectives are adopted to achieve this-

- Plan for and deliver capacity at key freight gateways
- Improve the efficiency and productivity of key freight network links
- Ensure future options are secured for key freight network developments
- Progressively decentralise freight activities from central Melbourne to selected outer industrial areas
- Protect and enhance access to markets for regional Victoria and adjoining catchments

Alliance Comments

The Alliance supports the setting out of a clear goal and objectives for the freight and logistics sector.

Objectives

However, the Alliance notes that these objectives-

- Are generic in nature,
- Are not measured against timelines or targets
- Are not set against a projected investment framework
- Do not distinguish between private and public sector roles
- Do not distinguish between federal, state and local government roles (a matter of concern from the Alliance since it is made up of local government representatives)
- Do not distinguish the respective roles of rail, road and air (a matter of concern to the Alliance as an advocate for a more significant role for rail freight)
- Includes some ambitious objectives (such as protecting against encroachment, and decentralising freight activities in Melbourne) which have long been espoused by state governments but where progress has been limited;
- Do not reference the management of the social or environmental externalities of the sector
- Do not commit to transparent reporting of performance in the sector and against targets
- Do not reference a commitment to progressive evaluation and revision of the strategy
- Do not provide a governance framework (for example one in which local government input is structured into decision making – as is the case in several regional areas in Victoria such as the Green Triangle, the north west and Gippsland)

The Alliance acknowledges that objectives by their nature are broad and cannot include all the above dimensions in a brief statement. However the above list indicates issues of concern to the Alliance that need to be built strongly into strategic thinking about the freight and logistics sector, if not in the objectives then elsewhere in the strategy.

Principles

The objectives are supplemented by six further principles-

- **Maximise efficiency of freight movements on the transport network**

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- **Maximise the contribution of freight and logistics to overall economic performance**
- **Ensure continuity of international and interstate gateway capacity**
- **Ensure integration of freight and logistics activities with other land uses**
- **Minimise impacts of freight and logistics activities on safety, amenity and the environment**
- **Maximise affordability and private sector investment.**

Alliance Comments

These principles usefully supplement the five over-arching objectives, and reference the management of externalities, the encouragement of private sector investment and the integration of logistics and land use planning. They are welcomed, although as noted above, the Alliance views these issues as first order issues that could have been included in the basic objectives of the plan. Earlier comments about targets, timelines and performance assessment also apply to these issues.

Implementation

The Plan then at the outset notes the importance of Implementation Considerations. It states that-

- **A high level economic appraisal indicates that the proposals in the plan would produce a net economic benefit to the state by 2050;**
- **Some of the key initiatives in the plan have already been announced and funding for planning provided (e.g. \$28 million for transport solutions and \$110 million for planning and development in the Port of Hastings);**
- **Decisions regarding other initiatives would be made in the context of Victoria's economic and fiscal strategy, and the government's parameter of infrastructure investment of 1.3% of gross state product;**
- **All individual projects would be subject to Government consideration in relation to budget capacity, business cases and the rigorous use of cost benefit analysis.**

Alliance Comments

The Alliance welcomes the inclusion of this statement on implementation issues at the beginning of the document. Inadequate funding and implementation has been the dominant weakness of previous freight strategies and it is re-assuring to see this up front acknowledgment of the processes to be undertaken to fund and appraise the proposed actions.

Chapter 2 – Victoria's Growing Freight Task

Chapter Two of the Report provides the quantitative basis for the strategy in terms of the expectations of freight growth in coming years.

The authorities quoted for the underlying statistics are as follows:

- Container growth – Port of Melbourne and Deloitte Access Economics
- Net Tonne Kilometres (Top Down Estimate) – BITRE and Australian Bureau of Statistics

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- Commodity Based Freight (Bottom Up Estimate) – Deloitte Access Economics
- Road Freight Trips – DOPTLI’s Freight Movement Model (FMM).

Key measures of freight growth derived from these studies include:

(Containers)

Million TEU	2021	2031	2046
International	4.0	5.6	9.6
Mainland	0.2	0.3	0.4
Tasmania	0.5	0.7	1.2
Total	4.7	6.6	11.2

Victoria’s metropolitan and regional freight task was estimated by Deloitte Access Economics on the basis of a bottom up analysis of commodities moved as-

(Million tonnes per annum)

	2012	2021	2031	2046
Regional Victoria	38	41	51	68
Metro	216	274	369	582
Unallocated	93	123	170	277
Total	347	438	590	927

And the DOPTLI Freight Movement Model predicted the following growth in freight by truck type:

(Daily truck trips)

Type of vehicle	2011 Trips	2011 % of Total	2046 Trips	2046% of Total
Rigid bulk	192,087	66	309,221	48
Articulated Bulk	86,800	30	272,473	42
Rigid Containerised	191	<1	990	<1
Articulated Containerised	12,414	4	66,212	10
Total	291,492	100	648,896	100

The Plan summarises that these data indicate an approximate tripling of the freight task by 2050 - growth in line with the growth of the economy but faster than population growth.

The Plan also notes that the BITRE data are based on a continuation of the current predominance of road freight, in particular in Metropolitan Melbourne. However BITRE notes that this does not reflect the potential take up of opportunities for rail in the future, which could be driven by changes such as increasing fuel prices, environmental concerns and policy and strategy interventions.

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Alliance Comments

The Alliance notes that a correct understanding and estimate of the growth, type and distribution of the freight task is essential to guide investment in future freight infrastructure. If the estimates of the task tripling by 2050 are correct then investment will need to be commenced early and well considered, both to achieve productive efficiency and to mitigate external consequences. The Alliance is pleased that four different sets of estimates were used in this plan, including both top down and bottom up studies. The Alliance notes that all four studies indicated roughly similar rates of growth. No discussion was provided as to the possibility of lower freight growth outcomes.

Also notably absent from the estimates used are estimates of the current and future role of rail transport in the freight task, (although some data on rail's contribution to the freight task is provided later in the report). The Alliance believes that rail statistics should have been incorporated in the data sets used for estimation (particularly in relation to its major roles in relation to bulk movements such as the grain harvest and interstate and intermodal container movements. These could have provided a basis for information as to the forecast role of rail in moving the expected growth of containers.

Chapter 4 – Securing Victoria's Freight Leadership

This Section of the Freight and Logistics Plan is directed to the way in which Victoria's leadership in the freight and logistics industry can be maintained. It identifies five key strategies-

- Effectively plan and deliver adequate **gateway capacity** (ports, airports and interstate rail terminals)
- Maximise the **productivity of existing networks**
- Introduce progressive **enhancements in network capacity**
- Effectively and sustainably **manage urban freight** movements and their community interfaces
- Effectively and sustainably **manage regional freight** movements
- Effectively **integrate planning for freight with broader transport and land use planning** including early identification and protection of future freight precincts and corridors to accommodate projected growth.

In this Section VFLP also notes the importance of partnerships with other levels of government including local councils, other State Governments and the Commonwealth Government.

Gateway Capacity

Under the heading of providing freight gateway capacity, VFLP discusses ports, airports and interstate rail terminal capacity.

The Plan states an intention to provide for projected strong growth in the interstate rail task, and notes that in the medium term (beyond 2020) a replacement interstate rail freight terminal for the

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Dynon terminals will be needed. VFLP argues that this presents the opportunity to create the new Western Interstate freight Terminal (WIFT) in the West of Melbourne, and that this could lead in turn to the “eventual creation” of an interstate rail bypass of central Melbourne to relieve road and rail pressure on the inner parts of the transport network. In the longer term, beyond 2040, the VFLP states, the potential will exist to create a second interstate freight terminal near the intersection of the north south transport corridors and the proposed Outer Metropolitan Ring (OMR) corridor.

Alliance Comments

The Alliance agrees that there are significant constraints on the future suitability of the Dynon interstate freight terminals, including poor design, residential encroachment, lack of buffer land and land for storing containers, and the need for freight vehicles and trains servicing the area to penetrate crowded inner transport corridors. Accordingly the Alliance supports the projected development of the Western Interstate Freight Terminal and the subsequent northern terminal. However it considers that these should form part of a metropolitan freight terminal network capable of transferring containers to and from port shuttle trains to interstate trains.

The Alliance considers design of this network should proceed without delay and also include an Eastern terminal servicing the port of Hastings as it develops and linking container traffic from this source to the network. The Alliance also considers that in the progressive development of these freight terminals care needs to be taken to ensuring that required access to the Port of Melbourne for rail freight is not impeded. Such access will remain important during the transitional period, especially if strategies to enhance the rail share north-south freight are successful. The Alliance notes that in recent years the new Webb Dock West area has been developed without rail access, and that the rail share of containers from Swanson Dock has been lower than previously forecast. Accordingly a robust transitional plan to maintain and grow the rail share of container movements will be needed as the proposed changes to gateways are made.

Better use of existing networks

This section devotes considerable attention to sweating existing assets harder through wider use of very large trucks, computer control of freeways through extension of the Managed Motorways program, the utilisation of off peak capacity on road and rail networks, and new signalling technology to obtain better results from existing railways.

Alliance Comments

In general terms, the Alliance supports efforts to obtain improved output from existing networks. The following specific comments are offered.

- The use of more efficient road freight vehicles can offer efficiency and safety benefits compared with older and smaller trucks. However there are significant downsides in relation to safety, amenity and road damage if the choice is a rapid growth in very large trucks rather than the safer alternative of rail freight, which has greater community support and involves reduced costs to local councils in terms of road and bridge reconstruction.

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- The utilisation of off peak capacity on the rail network to move, for example, shuttle trains of containers and bulk commodities to port from decentralised terminals, has considerable potential and is effectively used with shuttle trains from Port Botany in Sydney. However there can be resident opposition to such movements and this requires continued study of sound and vibration limitation technology as well as ensuring that new rail corridors are designed with adequate buffers against residential encroachment.
- New signalling technology, while important, will not overcome the capacity limitations on several suburban railways limiting broad gauge access from areas such as Gippsland. Projects such as the proposed South Eastern rail Link and Melbourne Metro are vital.
- Other new technology that can support greater rail productivity includes bridge strengthening and raising the axle load of intrastate freight lines (to 23 tonnes on main lines in the first instance) and such investment is part of the task in seeking to gain more productivity from existing assets. So too is a significantly enhanced program to provide for the removal of temporary speed restrictions on intrastate freight lines, that currently reduce train operating speeds, increase cycle times and lower productivity.

Enhancing Network Capacity

This section begins by arguing the importance of the proposed East West road tunnel, the North East Link from the Eastern Freeway to the M80 in the North, and the progressive delivery of the outer metropolitan ring corridor (OMR). However as well as these freeways, VFLP states that “the government sees a growing role for rail in providing a viable alternative to road for suitable freight tasks in strategic corridors”. It notes the following projected rail enhancements-

- The South Eastern Rail Link (SERL), which would provide a dedicated rail freight link between Dandenong and Dynon, relieving pressure in the Dandenong corridor and ensuring that the Port of Hastings can be serviced by broad and standard gauge rail.
- The VFLP notes that the SERL project is contingent on the completion of the Melbourne Metro, because the diversion of suburban trains through the Metro system will release the vital extra train path capacity needed between South Yarra and North Melbourne for standard and broad gauge freight trains from Hastings and for freight and regional passenger trains from Gippsland.
- The VFLP notes an intention to work with the private sector to see the start-up of port rail shuttles as part of the metropolitan Intermodal System (MIS) project.
- And a priority is noted for the standardisation of the Mildura line as part of a proposed transcontinental link to the Sydney-Perth line near Broken Hill.

Alliance Comments

The Alliance supports the proposed network enhancements. It notes the critical importance of the creation of the link between the Port of Hastings and the national standard gauge network via the proposed South Eastern Rail Link, and the fact that this is contingent upon space in the network (extra train paths between South Yarra and North Melbourne) being created by the Melbourne

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Metro. Accordingly the Alliance urges Government to proceed with the planning and development of the Metro and South Eastern Rail Link projects without delay.

The Alliance has long supported the standardization of the Mildura line and other railways in the North West. Noting that the VFLP identifies several alternative solutions to this issue, and noting also that the Murray Basin Infrastructure Study is examining this issue in detail, the Alliance calls upon Government to adopt a holistic package to rail standardization and upgrading in the northwest, including standardizing the Mildura line, other north western lines, and implementing a package over several years to remove Temporary Speed Restrictions and increase axle loads in this region.

The Alliance notes that the proposed network enhancements do not refer to the proposed Melbourne to Brisbane inland freight railway, which has the potential to reduce port related truck congestion in Melbourne and provide more efficient and lower cost access for Victorian producers and industries to Queensland markets. The Alliance notes that Direction 3 of the VFLP calls for improved interstate rail terminal capacity; however the development of increased mode share on the underperforming Melbourne-Brisbane rail route is a key function that any new interstate rail freight terminal would serve, and the Alliance considers this significant issue should have been included in the Freight and Logistics Plan.

The Alliance also notes that the state government in the last budget in May 2013 allocated an additional \$170 million over three years for a resurfacing and renewal package for regional roads and in October 2013 a further \$160 million for country roads and bridges (in addition to the base road maintenance allocation of \$466 million). There have been important investments and the Alliance also looks forward to increases in vital rail maintenance allocations. The Alliance supports plans to involve the private sector in the creation of a rail port shuttle system and believes the discrete nature of this operation is well suited to private investment

Urban Freight Movements

This Section of the VFLP is quite general, and while welcoming “innovative arrangements”, it does not provide substantive detail as to what is being considered.

Alliance Comments

The Alliance considers that effective and sustainable management of urban freight movements is most important, and to this end has arranged to meet the Metropolitan Transport Forum. By this method there will be an opportunity for rural, regional and metropolitan councils to discuss these issues.

The Alliance considers that among innovative solutions that need to be considered is the “inland port concept”, whereby containers could be delivered by rail port shuttles to be cleared at regional as well as metropolitan freight terminals – thereby allowing for more sustainable transport through crowded inner city areas. In Ballarat, Shepparton, Gippsland and other locations there are intermodal terminals, often created with significant local council and local business investment, where such a model could be applied with benefit.

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Regional Freight Movements

This section of the VFLP recognises the importance of freight transport links within Victoria, and proposes a comprehensive approach to regional freight efficiency, based on-

- access to ports, airports and markets
- cross border regulations
- addressing bottlenecks
- addressing road service standards
- investment in the rail network
- servicing emerging markets, such as mineral sands, coal and forestry
- managing the impact of freight activity on the amenity of regional cities and towns

Alliance Comments

This group of issues is of particular concern to Alliance members. Members are concerned that maintenance funding for both regional road and regional rail networks is given strong priority; as such networks are key to the success of regional and rural agribusinesses, farms, and forest and mineral projects. Recent cutbacks to road maintenance budgets (partly restored to the extent of \$170m in the last State Budget) are of great concern to members. So too is the ongoing issue of inadequate funding for rail maintenance.

By comparison the allocation in the 2012-3 state budget of \$30 million over four years in the network for Major Periodic Maintenance was very limited. While the Alliance welcomes this investment, it notes that it averages at \$7.5 million per year. The Alliance considers that a figure nearer to \$15 million per year for Major Periodic Maintenance would be appropriate to keep the regional rail system in a steady state basis that is, not deteriorating in condition over time.

The Alliance looks forward to the preparation of a strategic framework for investment. The Alliance considers this strategic framework should include:

- A plan for the standardization of the broad gauge freight only network in stages over the next 15 years;
- A plan for upgrading of all level crossings and the removal of Temporary Speed Restrictions on the Mildura line within 6 years;
- A plan for upgrading freight lines classified as gold or silver by the Rail Freight Network Review to 23 tonnes axle load capacity over 10 years
- A financial plan that incorporates the above elements together with Major Periodic Maintenance allocations that reflect (at least for the most important freight rail lines), the average annual maintenance cost per kilometre proposed by the track manager, V/Line, in its 2012-2017 Asset Management Plan, i.e. \$29,532 per track km.
- The annual Major Periodic Maintenance allocation in the state budget should therefore be approximately \$15 million per year, rather than the current level set in 2012 of \$30 million over 4 years.

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Integrated planning for freight transport and land use planning and protection of future freight precincts and corridors

The VFLP acknowledges that it is vital that there is integrated planning of freight and logistics development with transport and land use planning, and the protection of key freight precincts and corridors. The VFLP states that close co-ordination has been undertaken with the Metropolitan Planning Strategy and the Regional Growth Plans.

Alliance Comments

The Alliance considers that in past years, although much lip service has been paid to the integration of transport and land use planning and the protection of corridors, achievements in practice have been disappointing. Examples are extreme tardiness in developing appropriate freight corridors to Hastings, urban encroachment and resident opposition to freight movements around the Port of Melbourne and precincts, and potential land use/freight conflicts in the western suburbs of Melbourne.

The Alliance hopes that the publication of the Victorian Freight and Logistics Plan, the Metropolitan Planning Strategy and the Regional Growth Plans will lead to more concerted efforts to plan and protect areas that are needed for freight terminals, freight precincts and freight corridors.

Chapter 5 – A 2050 Freight Vision

In this Chapter the Plan provides an imaginary summary of what the Victorian freight and logistics system might look like in 2050 if its directions are implemented.

Key elements of this vision in relation to the role of rail freight are stated to be as follows-

- Rail is carrying more freight, especially for heavy movements from key regional areas to the ports and for the distribution of port freight to a network of intermodal terminals in the metropolitan area
- Throughput at the Port of Melbourne has plateaued at 2 m TEU and there is alternative use of land in the Dynon-Swanson precinct.
- The Port of Hastings has capacity for the remaining 9 million TEU
- The Dynon rail terminal has been closed for some years and the major interstate rail freight terminal for Melbourne is now the Western Interstate Freight Terminal
- Planning for the second major interstate rail terminal at Beveridge is well advanced.
- Metropolitan terminals to the South East are serviced by the South Eastern Rail Link
- A freight line to Hastings has been constructed in the median of the Western Port freeway
- The regional rail network has been upgraded and rationalised with priority lines supporting higher axle loads and operating speeds.
- The Mildura line is standardized and forms part of a new transcontinental link to the Sydney to Perth line, supporting double stacked container trains to Melbourne and mineral sands for export via Portland and Geelong.

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Alliance Comments

The Alliance generally supports the proposed Vision for 2050, but notes the following concerns-

- It is suggested that in 2050, the Dynon-Swanson rail terminal will have been closed, but that the Port of Melbourne will continue to handle 2 million containers – equivalent to current port container traffic. It would be important to emphasise that this development
 - (a) does not involve the transfer of 2 million TEU of port traffic to road, but that rail port shuttles will operate from the Port of Melbourne to the proposed intermodal terminals;
 - (b) does not preclude necessary rail port access e.g. to the Appleton Dock grain terminal (unless its function has by then been absorbed elsewhere).
- Reference is made to the “rationalisation” of the regional rail network. The Alliance considers that any proposal to “rationalise” or abandon any part of the regional freight rail network should be the subject of thorough consultation and appraisal.
- Reference should have been made to the potential contribution of the Melbourne to Brisbane inland freight railway.

Maps of the Long Term Metropolitan and Regional Freight Network Visions

On Pages 34 and 35 of the VFLP, Diagrams are provided of the road and rail freight networks envisaged for the long term.

In relation to rail developments, the **Metropolitan Diagram** shows the following enhancements-

- South Eastern Rail Link (SERL) Dynon-Dandenong
- Rail Link Dandenong to Hastings
- Metropolitan Intermodal System Terminals at Lyndhurst, Truganina (Western Interstate Freight Terminal and “potential MIS terminal” at Beveridge
- Interstate Rail Link from Werribee to Beveridge via Outer Metropolitan Ring Corridor and passing the Western Interstate Freight Terminal at Truganina

In relation to rail developments, the **Regional Diagram** shows the following changes-

- Mildura line standardized Mildura to Dunolly with 3 optional connections to the standard gauge network identified – Lascelles-Hopetoun; Donald-Murtoa or Maryborough to Ararat
- Murrayville line standardized
- Mildura line south of Dunolly remains broad gauge
- Robinvale line abandoned north of Manangatang
- Kulwin line abandoned north of Sea Lake
- Tocumwal, Echuca-Toolamba and Echuca to Deniliquin lines standardized
- Sea Lake, Manangatang , Piangil and Bendigo-Echuca lines remain broad gauge

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Alliance Comments

The Alliance is generally supportive of the developments shown in these two diagrams.

However it believes-

- that the decision as which of the 3 options for a standardized Mildura line to connect to the standard gauge network should follow the publication of the Murray Basin Infrastructure Study and be subject to public consultation
- that the Sea Lake and Manangatang lines should be included in the proposed north west standardization if there is a reasonable economic, social and environmental case to do so;
- that no section of track should be abandoned without proper appraisal and consultation with local communities.

Chapter 6 – Key Directions

Direction 3 – Ensuring efficient interstate rail terminal capacity

Direction 3 notes that, as fuel, labour and other operating costs of road transport increase and rail efficiency improves with progressive network investment and regulatory reform, there is potential for rail volumes to grow significantly, particularly on the Melbourne-Sydney route.

The VFLP suggests that for some years there will be modest investment in the current interstate rail terminals at Dynon, but in the medium term the function should be relocated away from the port and inner city area, and notes that the Government has nominated Truganina as the potential location, with a further long term option at Beveridge.

Alliance Comments

The Alliance supports these developments, with the proviso already mentioned that the transfer of this function away from Dynon does not result in all future Port of Melbourne freight traffic moving from the Port to the new terminal(s) by road.

Direction 10 – An increased role for rail freight

In this Section of the VFLP, it is argued that there is considerable potential for rail to play a significantly increased role in Victoria's freight task – from about 3% of tonnes carried to 15-20% of tonnes carried. (When measured in net tonne kilometres, rail currently carries 16% of the state's freight, since it involves many instances of loads being carried long distances).

The following table is provided as to the current and expected future rail task in Victoria:

Total Rail Task (million net tonne kilometres)

Year	Interstate	Regional	Total
2012	4796	3610	8406
2021	7700	4363	12063

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2031	12161	4837	16998
2046	14810	5970	20780

The Government’s objective for rail is stated as follows: “The Government’s objective is to ensure the best use of existing rail infrastructure and to avoid some of the costs associated with expanding and maintaining our road network, taking advantage of the greater efficiency rail can offer in moving specific commodities over suitable routes. As the freight task grows, greater use of rail transport (for both freight and passengers) can also ease road congestion and reduce the impact of road freight vehicles on safety, pollution and regional amenity.”

The Government’s priorities are stated as-

- investigating the provision of a South Eastern Rail Link (SERL) to provide a dual (broad and standard) gauge track between Dynon and Dandenong, operating independently of metropolitan passenger rail services’;
- Completion of a further rail link, currently planned to be located in the Western Port Highway corridor, to provide connection to the Port of Hastings;
- A pre-requisite for SERL is the creation of Melbourne Metro to free up surface track capacity needed for SERL

It is further stated that the Government will develop a regional freight network development strategy to provide a basis for prioritising future investments in maintaining existing lines.

As well, it is stated that Government will continue the Mode Shift Incentive Scheme subject to a periodic evaluation of its effectiveness.

The VFLP also states that Government will continue work on the proposed Mildura to Broken Hill line link and associated Mildura line standardization, which would serve mineral sands traffic, provide a new rail link to Perth bypassing Adelaide, and allow double stacked container trains to operate to Melbourne from Perth and Darwin .

However, the VFLP does not identify the benefits to Victoria, its ports, road congestion and producers of the proposed Melbourne to Brisbane inland freight railway.

Alliance Comments

The following table summarizes the nine rail related Strategies and Actions and the Alliance’s response to them:

Strategy/Action	Alliance Response
1. Preserve a corridor for rail connection to Hastings including potential direct connection to Gippsland (SERL)	Strongly supported
2. Progress investigations of South East Rail Link Dandenong to Dynon	Strongly supported
3. Encourage private sector operated rail shuttle port to intermodal terminals	Supported

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4. Develop interstate rail bypass of Melbourne via Outer Metropolitan Ring (OMR) corridor	Supported
5. Prepare rail freight network development strategy	Supported
6. Support continuation of Mode Share Incentive Scheme	Supported
7. Support annual maintenance and renewal on Victorian rail freight network	Support increase of annual Major Periodic maintenance budget to \$30m and accelerated program to remove Temporary Speed restrictions
8. Ensure network manager responsibilities are embedded in relevant franchise and lease agreements	Case not made out in this report. Improvements in freight system governance are required.
9. Establish a rail freight facilitation unit and improved arrangements for consultation with freight operators and customers	The Alliance has long argued for improved governance and marketing arrangements for rail freight and supports this proposal as a valuable step forward, providing the Unit has independent governance and entrepreneurial capacity

Direction 11 – An efficient intermodal terminal network

This Section of the VFLP notes that intermodal terminals operate to allow freight to be transferred from one mode of transport to another, and that Government has established that such operations, which are already established in Sydney and Perth, will be required in Melbourne to relieve pressure on the key road connections to the centrally located port.

The VFLP also notes that as well as metropolitan intermodal terminals, the Government will work with customers, operators, investors and local government to develop a viable regional intermodal terminal network, preferably surrounded by land zoned for freight and logistics activities.

Alliance Comments

The Alliance believes that progress in the development of a strong and effective metropolitan and regional intermodal terminal network is required for the efficient development of Victoria’s freight network. The proposed government leadership, in conjunction with local government, freight operators and customers, is welcomed.

Direction 13 – Planning to protect existing freight operations

This Section of the VFLP identifies two respects in which land use planning protections are needed to protect the needs of the existing rail freight network. These are-

- Where intermodal terminals, locomotive service centres and rail yards are at risk of encroachment of inappropriate development and are in need of protection;

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- Locations in the rail network where corridor widths have been narrowed resulting in “pinch points” where future additional tracks cannot be accommodated, for example, pinch points at Sunshine and Newport that are currently being addressed.

Alliance Comment

The Alliance considers corridor, pinch points and buffer provision to be important aspects of future proofing the rail network, and welcomes action by Government as recommended by VFLP to identify and protect such locations.

Direction 14 – Protecting future freight precincts and corridors

In this Section of the VFLP, nine actions are identified that would serve to protect future freight precincts and corridors. Such protection is generally supported by the Alliance. The following table sets out these actions and the Alliance’s response to each-

Strategy/Action	Alliance Response
1. Identify and protect key freight precincts including Western Interstate Freight Terminal, Beveridge, rail links to future terminals, road links to terminals	Strongly support
2. Maintaining protection of the Outer Metropolitan Ring (OMR) corridor	Support
3. Progress investigation for North East link freeway	Not a rail issue
4. Identify and protect regional freight precincts	Support
5. Revise Victoria Planning Provisions to better protect freight corridors and precincts and recognise the Principal Freight Network	Support
6. Develop guidance material for freight precinct development	Support
7. Work with Commonwealth Government to develop national corridor protection strategy	Support

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List of Points submitted by the Alliance:

The Alliance commends the Government on the Victorian Freight and Logistics Plan and welcomes the Victorian Government’s commitment to the future role of rail freight in our state’s freight and logistics system. The following is a list of those strategies and directions supported by the Alliance; and those areas where the Alliance considers the Plan needs to be supplemented.

The Alliance supports the following strategies and actions identified in the Victorian Freight and Logistics plan

- 1. The Alliance supports the Goal and Objectives of the Plan but believes targets, timelines and an investment framework should be added.**
- 2. The Alliance supports the Principles of the Plan**
- 3. The Alliance welcomes the inclusion of Implementation Considerations in the plan and the intent to submit proposed projects to Government Consideration, business cases and Benefit-Cost Analysis**
- 4. The Alliance supports the progressive relocation of Melbourne’s interstate rail freight terminal from Dynon to Truganina provided that rail’s mode share is not compromised during the transition**
- 5. The Alliance supports the use of port shuttle trains from the port to metropolitan intermodal terminals and the potential role of private sector operators in providing such services**
- 6. The Alliance supports getting the most out of existing rail infrastructure by utilising off peak capacity, improving signalling, strengthening bridges, increasing axle loads and operating speeds, and removing Temporary Speed Restrictions on level crossings**
- 7. The Alliance strongly supports the three inter-related projects comprising the South East Rail Link from Dynon to Dandenong; the Dandenong to Hastings rail link, and the Melbourne Metro which will provide track capacity for freight trains on the South East Rail Link**
- 8. The Alliance supports the standardization of the Mildura line, and subject to a viable business case, the construction of a new standard gauge rail link from Mildura to near Broken Hill, allowing an alternative**

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- rail freight route from Melbourne to Perth by-passing Adelaide and allowing the use of double stacked containers**
- 9. The Alliance supports an increase to \$15 million per year in the State Budget allocation for Major Periodic Maintenance of the intrastate rail freight network**
 - 10. The Alliance supports the development of the Metropolitan Intermodal System comprising terminals east, north, and west of Melbourne (such as Truganina, Beveridge and Lyndhurst), and an appropriate network of regional intermodal terminals, with inland port powers to clear cargo where appropriate**
 - 11. The Alliance supports the standardization of the Mildura, Murrayville, Sea Lake, Manangatang, Deniliquin and Tocumwal lines**
 - 12. The Alliance supports policies that will increase rail's share of intrastate rail freight based on the efficiency, safety, environmental benefits and amenity it offers**
 - 13. The Alliance supports planning steps to protect present and planned rail freight corridors and precincts, to remove pinch-points of encroachment, and to provide buffer zones and noise attenuation where appropriate**
 - 14. The Alliance supports the future development of an interstate rail by-pass from Beveridge to Werribee via the Outer Metropolitan Ring (OMR) corridor**
 - 15. The Alliance supports the preparation of a Victorian Rail Freight Network Development Strategy**
 - 16. The Alliance supports continuation of the Mode Share Incentive Scheme whereby intrastate intermodal operations are supported**
 - 17. The Alliance supports establishment of a Rail Freight Facilitation Unit to improve consultation and marketing of rail freight, providing the Unit has independent governance and entrepreneurial capacity.**
 - 18. The Alliance supports consultation with local government in relation to land use planning and freight precincts, regional intermodal facilities, and proposals to enhance, change or abandon existing rail freight services and facilities.**

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The Alliance would like to have seen more attention given in the Victorian Freight and Logistics Plan to-

- **Measurement of proposals against timelines or targets**
- **Setting out a projected investment framework**
- **Better exposition of private and public sector roles**
- **Better exposition of federal, state and local government roles**
- **More explicit attention as to how implementation could be achieved in areas (such as protecting against encroachment, and decentralising freight activities in Melbourne) which have long been espoused by state governments but where progress has been limited**
- **Greater reference to the respective social and environmental costs and benefits of heavy trucks versus rail freight**
- **Commitment to transparent reporting of performance in the sector and against targets**
- **Commitment to progressive evaluation and revision of the strategy**
- **An improved rail freight governance framework (for example one in which local government input is structured into decision making – as is the case in several regional areas in Victoria such as the Green Triangle, the north west and Gippsland)**
- **The potential contribution of the proposed Melbourne to Brisbane inland freight railway to supporting Victoria’s role as a freight gateway, reducing port and Hume Highway truck congestion, and getting Victorian goods and produce to northern markets more efficiently and at lower cost**

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