



**Rail Freight**  
Alliance

## **SUBMISSION**

to The Treasurer of Victoria,  
**Hon Tim Pallas MP**

**For the 2017-2018**  
Victorian State Budget





# Introduction



The Rail Freight Alliance (RFA) is focused on providing improved rail connectivity within Victoria and neighbouring states. The RFA is also committed to promoting and advocating for increased future investment in Victoria's rail freight system to support the efficient movement of freight across Australia.

The RFA membership includes metropolitan, regional and rural municipalities across Victoria. The Alliance has a long history of advocating for improvements, efficiencies and greater investment in both the intrastate and interstate transportation of freight by rail.

RFA members recognise that rail can offer significant cost savings over heavy road transport, while reducing road damage and trauma and the

environmental impacts of heavy road transport. The RFA respectfully submits the attached proposals for consideration by the Treasurer and the Victorian Government as part of the 2017/18 state budget process. The RFA has highlighted projects, planning and governance where it believes significant economic benefits can be captured.

The case for these proposals are prioritised and set out in the following pages.

## Cr Glenn Milne

Chair  
Rail Freight Alliance,  
January 2017

# 1. Murray Basin Region Freight Transport Project

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## Goals:

- **To re-engineer the Murray Basin region as a modern, standardised railway capable of reliable and fast freight services supporting grain, intermodal and mineral sands traffic.**
- **To lay the foundation for a future Mildura to Menindee transcontinental link from Victoria's food bowl to northern markets.**
- **To provide competition at the ports of Melbourne, Geelong and Portland.**

## Critical to this investment:

- **Include the Maroona to Portland section of line for 21 or 23 tonne axle loading into the project.**
- **Standardise Ballarat to Maryborough line (rather than dual gauge) and run a dedicated passenger service to Ballarat.**
- **Utilise the full \$440 million allocation based on best value project scope to maximise efficiencies.**
- **Assess and invest in level crossing upgrades across the Murray Basin catchment to improve train cycle efficiencies.**

In 2014 the \$5 million Murray Basin Infrastructure Study was completed and was the most intensive examination of the Victorian rail freight system since the Switchpoint Review conducted by Tim Fischer in 2007.

The study looked at all aspects of rail and road infrastructure serving north-west Victoria and the transport of the region's grain, mineral sands, containers and general freight.

The study included extensive consultation with the private sector, Local Government, Regional Development Australia/Victoria and other key

stakeholders including the RFA and regional economic development bodies.

In May 2014 the Napthine Government committed \$220 million to the project. In February 2015, Premier Andrews announced the State Government's commitment to the project. The project is costed at \$416 million and provides for a 21 tonne axle loading, networked and standardised system. The Premier has committed to complete the \$416 million project within his term of government.

In December 2016 Commonwealth Government announced matching funding of up to \$220 million towards the project the Victorian and Commonwealth Governments released stages 2 and 3 to the market. Tenders for stages 2 and 3 close in February 2017.

Despite substantial investment in recent years, the Murray Basin region's rail infrastructure remains in poor condition, resulting in slower train speeds due to temporary speed restrictions associated with level crossings.

The Murray Basin region needs a fit-for-purpose rail system to address the following:

The growing mineral sands industry in north-west Victoria requires the transport of bulk concentrates to Hamilton and Ilmenite to Geelong. Currently concentrates are trucked to the rail terminal at Hopetoun for rail to Hamilton. Unless the Murray Basin upgrade is undertaken, and taking in to consideration expected growth rates, this will result in an extra 132,000 million net tonnes that will need to be accommodated on the road network,. If this traffic remains on road there will be significant cost and safety issues as rail is the mode most suited to long distance bulk traffic.

The long-awaited reinstatement of the Mildura passenger train will require the upgrades also required by the freight role of the line.

To cement the future of the Mildura – Menindee transcontinental connection, which is expected to be required within the next 10 years. This connection will be important for both long distance container traffic as well as food bowl exports, and will be the only means of providing access to and from the Port of Melbourne. This capacity is important to the long term competitiveness of the Port of Melbourne.

## Jobs

### Immediate direct employment across the Murray Basin region

This project will create employment in Geelong, Ballarat, Maryborough, and north-west shires and rural cities including Loddon, Swan Hill, Buloke and Mildura.

This employment can be expected to last for a number of years and will provide immediate regional economic benefits in advance of those offered by other government projects that are at earlier stages of planning.

### Ongoing employment in rolling stock maintenance

This project will increase employment in Ballarat as the rail maintenance facilities located there can be used for standard gauge rail vehicle maintenance.

Standard gauge rail vehicle maintenance is also undertaken by the private sector in Bendigo.

Increased competition in the market will create employment in the region.

### Ongoing employment in track maintenance and operations

As patronage increases on rail, additional employment and revenue to the State will be generated.

## Economic Benefits

- **Capacity to move an extra 1.2 million tonnes/yr of grain by rail, resulting in reduced costs, road damage and road trauma.**
- **Massive reduction in movement of mineral sands by road, reducing operating cost, road maintenance costs and road trauma.**
- **Access to standard gauge rail operators' nationwide, increasing competitiveness, reducing costs and allowing more modern rolling stock.**
- **Basis laid for future transcontinental freight connection and access to and from Port of Melbourne.**
- **Basis laid for reintroduction of Mildura passenger train. (Mildura being the only inland city of its size without passenger rail access).**
- **Increased private sector investment.**
- **Creating competition between the ports of Melbourne, Geelong and Portland.**

## TOTAL PROJECT - \$440 Million

2017/18: \$290 million

2018/19: \$85 million



*Image: [www.bendigoadvertiser.com.au](http://www.bendigoadvertiser.com.au)*

# 2. Rail Freight Infrastructure for Gippsland

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## Goals:

- **To provide a double track high standard railway to Moe to support rail freight services to Gippsland and more frequent and reliable V/Line services to the Latrobe Valley.**
- **To replace the century old and obsolete Avon River railway bridge, the state of which is preventing rail freight services beyond Stratford.**

## Critical to this investment:

- **The Melbourne to Dandenong corridor must have 4 line capacity.**
- **Duplication of the single line Bunyip to Longwarry.**
- **Upgrade both tracks between Pakenham and Moe to allow 23 tonne axle loads.**
- **Provide a long extended crossing loop between Morwell and Traralgon and a second passenger platform at Morwell.**
- **Provide an automated connection to the branch line serving the Australian Paper mill at Maryvale.**

Rail freight services to Gippsland, including paper trains and container services, are a vital service to the region now and for the future.

However, the corridor is also an extremely busy V/Line passenger route and paths for freight trains are limited. Sections of the line beyond Pakenham are not duplicated, and some do not allow 23 tonne axle loads.

The current condition of the Avon River railway bridge at Stratford has resulted in passenger trains being restricted to 10 kilometres per hour when passing over it, while freight trains have been

banned altogether. This means the railway from Stratford to Bairnsdale cannot serve potential rail freight users, such as log trains.

The RFA believes this corridor could be greatly enhanced by duplicating small sections of the Gippsland line that currently impede the efficient running of freight and passenger trains in this corridor. These enhancements include:

- **Five kilometres between Bunyip and Longwarry including duplicating a bridge over the Bunyip River.**
- **Extension of the crossing loop through Morwell for 3km towards Traralgon including a second platform at Morwell.**
- **Reconstruction of the Avon River Bridge at Stratford.**
- **Investigate a comprehensive freight strategy for the Gippsland region, including the scope to consider the Bairnsdale and Leongatha lines.**

Long term, the Melbourne to Pakenham line will provide additional capacity for freight trains from Gippsland between Melbourne and Dandenong. However, the proposed investments to upgrade the line beyond Dandenong are needed now.

The RFA supports planning studies to ensure that work on the Melbourne to Pakenham corridor by the private sector consortium does not result in infrastructure that would impede the future implementation of the Caulfield to Dandenong corridor.

## Jobs

Providing employment opportunities for construction projects in an area with high unemployment.

## Economic benefits

- **Facilitating efficient freight train services for paper and intermodal trains to Maryvale, serving the Latrobe Valley.**
- **The reintroduction of currently suspended freight train services to facilitate the growing dairy and horticulture container exports from Bairnsdale.**
- **Enhancing the reliability and frequency of V/Line passenger services to the Latrobe Valley and Gippsland.**

## TOTAL PROJECTS - \$160 million

2017/18: \$65 million

Extension of the crossing loop through Morwell Station for 3km, including a second platform at Morwell.

**\$40 million**

Reconstruction of Avon River Bridge at Stratford

**\$25 million**

2018/19: \$95 million

Duplication: Five kilometres from Bunyip to Longwarry, including widening Bunyip River Bridge and second passenger platforms at Bunyip and Longwarry

**\$95 million**



*The decrepit Avon River Rail Bridge at Stratford.*

# 3. Rail Freight Infrastructure for Shepparton District

## Goals:

- To reinstate the suspended grain railway service linking Shepparton and Dookie.
- To remove up to 120,000 tonnes of grain annually from the local road network.
- To encourage investment in grain production and process.

## Critical to this investment:

- Rehabilitate and reopen the Shepparton to Dookie line.
- Automate the rail junction at Toolamba between the Tocumwal and Echuca lines.
- Extend the crossing loop at Murchison East to accommodate 1200m long intermodal trains and rehabilitate Murchison East sidings.

The Shepparton to Dookie line is 28 kilometres in length. Service suspended on this line in September 2007.

Dookie was nominated in 2014 by GrainCorp as a primary export site, highlighting the importance for rail transport to return to the region.

The re-opened line will ensure a more efficient route to distant markets and the long term sustainability of local grain production, storage and processing. The activity supports regional employment and attract inward investment in the local area and wider food bowl region.

The rail line will allow a significant proportion of the local annual production of 120,000 tonnes of grain to be removed from the local road network. This reduction in heavy road haulage will bring multiple benefits including:

- Reduced freight costs;
- Increased competitiveness of local industry;
- Reduced road maintenance liabilities;
- Reduced CO2 emissions;
- Improved road safety; and
- Improved local amenity.

## Jobs

- Secure and increase employment in grain production and processing across the North East Region.
- Create new regional employment opportunities in track maintenance and operations with associated additional revenue to the State.

## Economic Benefits

- Removal of up to 120,000 tonnes/yr from local roads with resultant reductions in costs, road damage and road trauma.
- Incentivising inward investment in local grain production and processing.

## TOTAL PROJECT - \$12 million

2017-18: \$12 million

Extend Murchison East crossing loop and rehabilitate Murchison East sidings  
**\$6 million**

Automate Toolamba Junction  
**\$2 million**

Rehabilitation and re-opening of Shepparton to Dookie railway  
**\$4 million**



*Dookie silos were installed as a rail based facility, but the line has been neglected and rail services suspended.*

*However in 2014 Graincorp designated Dookie's large silo complex as a primary grain export site.*

*Transport of export grain from large silo complexes such as this to port is a prime function for rail.*

# 4. Planning

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## Goals:

- **Adopt a Transport Plan for Victoria.**
- **Identify and acquire a site for the Western Interstate Freight Terminal.**
- **Protect corridors for rail shuttle linkages to Lyndhurst, Somerton, Dandenong and Altona.**
- **Produce a Port of Melbourne Port Rail Access Strategy.**
- **Create a Port of Melbourne Users Group.**
- **Plan for the future rail standardisation of Tocumwal – Seymour  
Deniliquin – Echuca – Toolamba  
Dookie – Shepparton**

## Critical to this investment:

- **Develop an investment strategy for plan recommendations.**

## A Transport Plan

The Victorian Government is required by the *Transport Integration Act* to adopt a transport plan. Victoria has not had a transport plan since 2010. A transport plan is a key document for future targeted investment and would allow considered expenditure of the State's transport infrastructure.

## Western Interstate Freight Terminal (WIFT)

The WIFT will be a critical piece of infrastructure for the Melbourne to Brisbane Inland Rail Project (MBIRP). The final report was completed in 2015 and some funds committed by the Federal Government for land acquisition. This is a landmark project that is expected to take a decade to construct. The efficiency of the line can only be realised if the freight can be efficiently unloaded and reloaded.

## Rail access to Port of Melbourne

The Lonsdale Consortium was announced as the successful bidder for the Port of Melbourne lease recently. Currently the lease holder is required to provide a Port Access Strategy to the Victorian Government within 3 years. Currently rail freight is disadvantaged at the port due to inadequate infrastructure and lack of government facilitation and oversight.

Part of the current budget allocation of \$58 million should be made available to complete works at Altona and Lyndhurst for connections between the main lines and these intermodal terminals. Gippsland Freight and Logistics Strategy  
The freight task within the Gippsland region continues to grow, while the rail line to Leongatha is currently booked out. The current road network would require considerable investment to allow for efficient truck freight movements. The region should be assessed with regard to the current freight task and future freight needs.

## North East Victoria

A large amount of bulk and containerised freight is produced in North East Victoria and Southern New South Wales (NSW). This freight must be captured and transported through Victoria. The export freight from this area can move through Sydney as price to dock is a determining factor. The value of the Melbourne to Brisbane Inland Rail Project must be utilised by rail connection.

## Jobs

Initially a small group of skilled transport experts would be engaged to develop the strategy. Long term, the targeted investment identified from the strategy would create numerous regional employment opportunities across the transport sector and contribute to Victorian exports.

## Economic Benefits

As exports from the regions and Melbourne's population and urbanisation continue to grow, Victoria must continue to support efficient freight movements to remain internationally competitive. Increased exports through Victoria's Ports, coupled with continued regional investment from efficient freight movements, will create a lasting economic benefit.

## TOTAL PROJECT - \$26 million

2017/18:

Transport Plan  
**\$5 million**

WIFT Planning  
**\$500,000**

Port Rail Access  
**\$20 million**  
(funded from existing \$58 million budget allocation)

Gippsland Plan  
**\$250,000**

North East Plan  
**\$250,000**



Port of Melbourne.

# 5. Maintenance and Communications

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## Goals:

- **To create a Port of Melbourne users group.**
- **Provide adequate annual track maintenance of the Victorian freight network.**

## Critical to this investment:

- **A Port of Melbourne Users group separate from but reporting to the Victorian Government.**
- **Annual assessment and allowance for track maintenance expenditure.**

### Port of Melbourne Users Group

The Alliance together with the Freight and Trade Alliance hosted a successful meeting of Port of Melbourne Users in late 2016. The outcomes of that gathering was that all parties wanted the new management of the Port to succeed and identified the need for a Port of Melbourne users group to provide consistent communication between the Port and its customers.

### Rail Track Maintenance

The current investment in track maintenance is far less than should be budgeted for to maintain the current rail system. Successive governments have underinvested in track maintenance, resulting in poor train cycle times and at times train derailment. This underinvestment has disadvantaged rail as a transport provider and disenfranchised potential private investment in rail freight.

## Jobs

Annual maintenance of the Victorian Rail system will create jobs in regional and metropolitan Victoria.

## Economic Benefits

Maintaining the Victorian Rail Network at a constant standard will ensure rail operators continue to invest in above rail assets. Competition amongst rail operators will ensure timely and cost efficient movement of freight. The ability to move bulk freight long distances will improve public safety amenity and prolong the life of Victoria's' road network.

## TOTAL PROJECT

### 2017-18:

Port of Melbourne Users Group.

*The resourcing of this Group should be funded through the Department of Economic Development, Jobs, Transport and Resources.*

Annual Track Maintenance  
**\$30 Million**

# 6. Governance

## Rail Freight Facilitation Authority

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### Goal:

- **To create a statutory Authority and resource with a small expert group to develop rail freight business and develop business cases for rail freight development and investment where appropriate to advise government.**

### Critical to this investment:

- **A dedicated portfolio be created for Ports and Rail Freight.**
- **The Rail Facilitation Unit be a Statutory Authority appointed by Rail Minister.**
- **Assign areas of responsibility to allow recommendations to be implemented.**

The recent changes to the VLine Service Standards came without notice to many rail operators at a particularly inopportune time for the northern grain harvest. The decision appeared to be made in isolation to the current transport needs and the demonstrated a lack of holistic governance to Victoria's transport needs.

There are currently five government agencies involved in managing the network: Department of Treasury and Finance, Department of Transport, Planning and Local Infrastructure, Vic Track, V/Line and Department of State Development, Business and Innovation).

There are also four separate access providers: Vic Track, V/Line, Metro Trains, and Australian Rail Track Corporation.

However, there is no unified management or regional representation in relation to marketing rail freight.

The Fischer Report (Switchpoint, 2007) recommended creating a Rail Freight Facilitation Unit:

*"A government entity be given responsibility for championing and developing rail freight business including facilitating collaboration between stakeholders and aggregation of smaller freight tasks..."*

### – Recommendation 10 - Fischer Report

Freight policy and management capability within the Department of Transport has been reduced over recent years and only a handful of personnel with the relevant expertise remain.

The proposed Rail Freight Facilitation Unit would provide a focus for identifying and promoting rail freight opportunities, continuing the successful leverage of private investment for rehabilitating or reopening freight railways. The unit would also be responsible for managing investments and incentive schemes, including the Mode Shift Incentive Scheme.

The proposed new budget of \$4 million per annum for this unit includes provision for eight effective full time staff as well as operational costs and funds for consulting studies. It is separate from the funding for the Mode Shift Incentive Scheme.

## Jobs

Eight direct jobs.

The additional employment from the increased use of the rail network cannot be quantified, however employment in regional areas would be expected.

## Economic Benefits

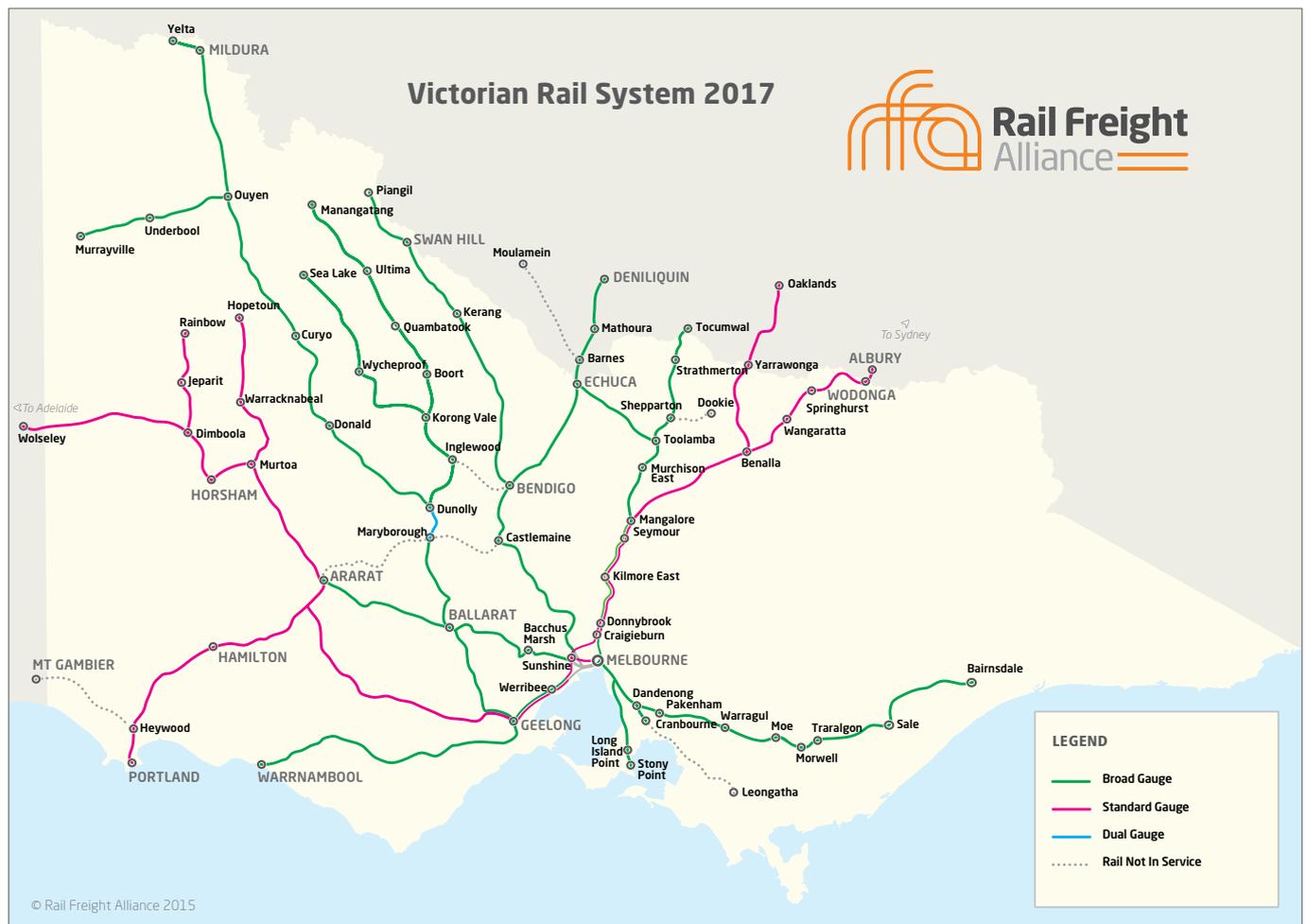
- Better utilisation of the State's rail freight infrastructure.
- Cost reductions and efficiency gains for exporters.
- Expert advice and business case preparation for government.

## TOTAL PROJECT \$11 million

Provision of **\$3 million** per annum (\$3m in 2017/18) to establish Rail Freight Facilitation Unit, including eight effective full time staff and operating costs.

2017/18: \$3 million

2018/19, \$4 million



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