

## **Submission to Victorian Auditor General – Murray Basin Rail Project**

### **The Rail Freight Alliance**

The Rail Freight Alliance is made up of rural, regional and metropolitan Councils across Victoria. The Alliance membership has a strong belief that more freight on rail will add to the efficiency, productivity and prosperity of the nation.

Our Membership includes the Councils of Ararat City, Buloke, Central Goldfields, Ballarat City, City of Melbourne, City of Wodonga, East Gippsland, Latrobe City, Loddon, Gannawarra, Glenelg, Greater City of Bendigo, Greater Shepparton, Hindmarsh, Horsham Rural City, Maribyrnong City, Mildura Rural City, Moyne, Northern Grampians, Pyrenees, South Gippsland, Southern Grampians, Strathbogie, Swan Hill Rural City, Warrnambool City, West Wimmera, Wyndham City and Yarriambiack.

### **Rail Freight Investment for Victoria**

Victoria's population is expected to grow by approximately 3.5 million people over the next 30 years. This growth presents a great challenge to provide a liveable, affordable, productive state and economy.

The Rail Freight Alliance believes that to maintain the Liveability of Victoria, while continuing to increase imports and exports, a far greater share of the freight task will need to transfer from road to rail in the next 20 years.

Rail provides cost effective freight transport over longer distances, is a safe means of transport, reduces congestion and greenhouse gas emissions and prolongs the State and Local Government road networks.

### **Victoria's Freight Task**

Road Freight cannot meet the growing freight challenge. Road freight operators incur costs such as diesel, wages and on-costs, repairs and maintenance.

The current Victorian Government agreement with Transurban equates to an over a 50% increase in the cost of using toll roads in a decade.

These will be additional road costs which cannot be amortised over the freight movements of that of rail freight.

The trucking industry has currently identified a shortage of drivers (ref 1). "Just in time delivery", will become increasingly important for Victoria to compete in a global market.

### **Freight Supply Chain**

Freight movements are not restricted to Local, State or Federal boundaries and how freight is moved directly affects the communities it passes through.

Public safety, road congestion, public amenity and Victoria's global markets are the responsibility of the Victorian Government.

Allowing more, bigger and heavier trucks on Victoria's road network is not a solution to Victoria's current or future freight task, nor is it conducive to the liveability of the State of Victoria.

### **A Transport Plan for Victoria**

The Victorian Government is required by the Transport Integration Act to adopt a transport plan. Victoria has not had a transport plan since 2008.

Rail must be part of a transport plan and rail infrastructure maintained in a "fit for purpose" manner.

The Alliance considers this a key document when investing in Victoria's transport future.

### **Murray Basin Rail Project (MBRP)**

The MBRP was to be completed by the end of 2018 to standardise a significant part of the Western Victorian Rail Network and increase Train Axle Loading (TAL) to 21 tonne.

The Victorian Government heralded this project as driving economic growth, creating jobs and providing a major boost to the transport industry, agricultural sector and regional communities.

The project was touted as supporting freight mode shift from road to rail, removing around 20,000 truck trips from our roads to the ports and improving safety for regional communities.

### **Project Scope**

The actual project scope has never been particularly clear, however the Alliance's understanding of tonne axle loading (TAL), and speeds are listed.

Mildura to Dunolly	21 TAL @ 80kmph
Murrayville to Ouyen	19 TAL @ 40kmph
Maryborough to Ararat	21 TAL @ 60kmph
Maryborough Ballarat	21 TAL @ 80 kmph
Ballarat Geelong	21 TAL @ 80 kmph
Sea Lake to Dunolly	21 TAL @ 80 kmph
Manangatang to Dunolly	21 TAL @ 80 kmph

### **MBRP Stages**

**Stage 1** Sleeper replacement (Complete)

**Stage 2** Mildura to Dunolly, Murrayville to Ouyen, Maryborough to Ararat (Incomplete)

**Stage 3** Maryborough Ballarat (Not commenced)

**Stage 4** Ballarat Geelong (Not Commenced)

**Stage 5** Sea Lake/Manangatang (Not Commenced)

### **MBRP Announcements**

**2013** GHD MBRP Study was completed.

**2014** Victoria complete business case and Government announce \$440 Million for the MBRP.

**2015** Stage 1 works continue.

**2016** McConnell Dowell & Martinus Rail Joint Venture announced for Stages 2 & 3

**2017** Stage 2 works commence.

**2018** Minister Allan announces \$130 Million for Stage 5

**2019** Minister Allan announces funds are expended & allocated urgent funding to the Manangatang Line.

### **Current Status MBRP**

Stage 2 of the project is incomplete with automated signalling on the Ararat interchange.

Many sections of track along this section have speed restrictions as low as 40 km/h, some have Temporary Speed Restrictions (TSR), since the line has been reopened.

Freight Trains from Merbein are travelling an additional extra 130 km via Ararat to get to Geelong/Melbourne.

Over 13 km of line utilised for stabling train sets have been removed, resulting in additional crewing and fuel costs for rail operators.

In June 2019, Minister Allan announced that the MBRP was out of funds and that she would negotiate further funding with the Federal Government.

Rail operators and users have not been informed of the future of the project, despite having invested millions of dollars in their businesses based on the Victorian Government's promise of a completed project by the end of 2018.

The Victorian Government Website has identified the Sea Lake, Manangatang and Gheringhap to Warrenheip Lines as future projects and has removed the Passenger Freight Separation Project from the Project (ref 2).

Currently the MBRP catchment has less capacity than before the project commenced and the cost of freight from this region will increase as a direct result of this project's failings.

The RFA believe that this project is the centre piece for rail freight investment in Victoria and projects like the Maroona to Portland Line upgrade will not be viable if the project is not completed.

Existing Rail Freight has been lost to the road network because of the delays in this project's delivery. Consequently, existing rail freight customers have entered into agreements with road freight operators. Even if the project was completed today, those customers could not make a return to rail freight.

What was heralded as a game changer for Victoria has completely failed and all Victorians will pay the cost with bigger trucks, increased congestion, a greater depreciation in the State's road

networks, a higher road toll, uncompetitive global markets and a greater cost of living for all Victorians.

### **RFA Concerns**

- Some sections of the completed works only allow trains to run at 25 km/h and 40 km/h.
- If Stage 3 (Dual Gauging) was to proceed, it will be a substandard result for both freight and passenger rail, as speeds will be reduced to no more than 80 km/h and it is more expensive to build and maintain.
- Stage 3 (Dual Gauging) creates an opportunity of stopping the project at this stage which could allow this Government to walk away from the MBRP, resulting in a diminished and more expensive rail freight network to operate, whilst not meeting the original MBRP commitments.
- The balance of taxpayer funds from the \$440 Million.
- The status of the Victorian Government additional funding of \$130 Million towards the project.

### **RFA Recommendation**

- Complete the MBRP to the original scope.
- Standardise the Maryborough to Ballarat Line (Stage 3) and run a dedicated standardised passenger service.
- Victoria to create and adopt a Transport Plan
- Commit any funds from the original funding and funding announced towards completion of the MBRP.
- Re-rail the Maryborough to Ararat Line as required.

### **References**

- (1) *Professional Truck Driver Shortage: How driver availability impacts the transport industry & Australian society* © Volvo Group Australia Pty Ltd 2016
- (2) <https://www.murraybasinrailproject.com.au/about>