

KEEP VICTORIA'S



**Submission on the Grain Logistics Task Force Report
And Victorian Government Response
From the Alliance of Councils for Rail Freight Development
September 2013**

Alliance of Councils for Rail Freight Development – Submission on the Grain Logistics Task Force Report

Introduction

For many years, the Alliance of Councils for Rail Freight Development has existed to advocate for the efficiency, amenity and environmental benefit accruing to communities from the 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 recent Grain Logistics Task Force Report and the published Victorian Government Response to that Report.

The Alliance believes that the efficient and effective operation of Victoria's rail handling of grain is critical to the economic performance of Victoria's primary production sector. Trains can handle large quantities of export grain at low unit cost, and with substantial safety. The retention of a substantial role in export grain movement by rail is an important objective, which will also reduce the number of large trucks on highways and council roads. Many of the Alliance's members are grain producers themselves, or councillors in local government in grain producing areas. They know at first hand the importance of an efficient rail grain handling capacity.

Our members also know that, despite considerable state investment in grain rail since the Fischer report, there is still much to be done with regard to the improvement of train efficiency, and the investment in better infrastructure that can reduce grain train cycle times and reduce unit costs. Therefore the Alliance welcomes the Grain Logistics Task Force Report and the positive response of the Victorian Government to it. The Alliance in this submission argues that there is a package of key investments arising from this Study that government should fast track, since the funds required are modest and the benefits substantial.

Member councils have had the opportunity to consider the Grain Logistics Task Force Report and the published Victorian Government Response to it of November 2012. The Alliance formally adopted this Submission at its meeting on 6 September 2013. Prof E W Russell assisted in the preparation of the Submission.

Cr Geoff White

Acting Chair,

6 September 2013

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Introduction

The export of grain, especially wheat and barley, but also other crops such as pulses and rice, are key components of Victoria's agricultural exports.

From the inception of farming in these crops in Victoria, the regional rail system played the key role in transporting the crop from grain producing areas to export terminals at the ports of Melbourne, Geelong and Portland.

Rail still plays a very important role in that task, with 12 grain trains currently available to move the harvest.

However the last decade has seen four fundamental changes to the arrangements surrounding these movements:

- Since the end of the single desk wheat export marketing arrangements in June 2008, there are now several independent wheat export companies, each with separate arrangements and prices to purchase, store and transport grain;
- There is some competition among rail providers, but the Victorian grain rail system is now divided between broad and standard gauge components, El Zorro has exited the market after 14 years as a competitor to Pacific National, and it appears that there is not the level of competition in the market that would exist if standardization of grain lines had been completed;
- Despite considerable investment by Victorian Governments in grain line rehabilitation, there remain many weaknesses in infrastructure, including speed restrictions, inadequate axle load capacity, track damaged by subsidence and sand drifts, as well as insufficient passing loops, port stabling and automatic controls;
- Larger and heavier grain trucks continue to multiply and operate on highways and council roads not designed for them.

Alliance Comments on Grain Logistics Task Force Recommendations and Victorian Government response:

GLTF Recommendation 1:

Consistent with the Recommendation 12 of the 2007 Rail Freight Network Review, the Victorian Government ensure that there is an appropriate level of investment in the rail freight network to provide sufficient rail freight network capability, including track speeds, which supports efficient grain train cycle times from silo to port and return.

Victorian Government Response: Supported in-principle

The Victorian Government Response was that:

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- *More than \$1 billion has been invested in the network by Victorian and Australian governments in recent years;*
- *\$30m for Major Periodic Maintenance has been provided over 4 years in the 2012-3 state budget*
- *The Department of Transport is preparing a strategic framework for investment*

Alliance Comments

The Alliance welcomes the Government's in principle support for this Recommendation.

However, the Alliance notes that, while \$1.2 billion has been invested in recent years in the network, most of this investment has been by the Commonwealth Government not the state government, and the biggest single investment has been the Commonwealth's investment of \$503 million in the standardization of the Albury and Oaklands lines. While grain is carried on these lines (from Oaklands and some New South Wales silos), it was not the trigger for the investment, and investment in the grain lines has been smaller than the reference to \$1 billion would suggest. The Alliance considers the figure of \$82 million spent on north west grain lines (referred to on page 19 of the original GLTF Report), plus a share of the \$73 million spent on the Mildura line, to more accurately describe the investment directly on grain lines in recent years.

With respect to the allocation in the 2012-3 state budget of \$30 million over four years in the network for Major Periodic Maintenance, the Alliance welcomes this investment, but 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 welcomes the preparation of a strategic framework for investment. The Alliance considers this strategic framework should include:

- A conceptual 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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GLTF Recommendation 2a:

The Victorian Department of Transport work with track managers, rail operators and grain companies to review and assess the merits of funding the rail infrastructure issues referred to in the Grain Logistics Task Force Report

Victorian Government Response: Supported in principle

The Victorian Government Response was that:

- ***A number of quick wins have been implemented including the re-opening of the Dimboola to Rainbow line and some improved safe-working or operational arrangements***
- ***A number of other proposed initiatives require further evidence and the development of a business case***
- ***Upgrade of the Geelong Grain Loop is a priority now being actioned.***

Alliance Comments

The Alliance welcomes the Government's in principle support for this Recommendation.

In relation to the quick wins identified by the Task Force, these were set out as follows in Appendix A of the original GLTF Report, which identified problems as:

1. The lack of a crossing loop between Gheringhap and Ballarat, such as the former loop at Meredith
2. The lack of a crossing loop between Ballarat and Maryborough, such as the former loop at Tourello
3. Delays to grain trains caused by passenger train congestion at Ballarat
4. Inability of grain trains to cross (pass each other) between Warrenheip and Ballarat
5. No capacity for multi-train running between Ballarat and Maryborough
6. Short operating hours at Dunolly
7. Need for Watchem crossing loop to be automated
8. Need for 97 TSRs (Temporary Speed Restrictions) on the grain network – 69 of which are on the Mildura line - to be reviewed and level crossings to be upgraded
9. Need for multi-train working to be possible on the Hopetoun line (e.g. permitting trains to cross at Warracknabeal or Beulah)
10. Need for safe-working arrangements to allow two trains to operate on the Oaklands line
11. Working arrangements allowing a train to be stabled on a line during loading/unloading
12. 24/7 manning of North Geelong C box (which controls access to the Geelong Grain Loop).

The Alliance understands that of these quick wins, items (6), (9) and (12) have been addressed.

Signalling is being upgraded at Dunolly allowing train crews to operate points; improved capacity is being provided on the Hopetoun line, and North Geelong C Box is being automated.

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However the Alliance believes that the absence of crossing loops in key locations (Items 1, 2 and 10) in the above list, deserve immediate attention. A new crossing loop has recently been constructed on the Warrnambool line at Waurin Ponds at a cost of approximately \$10 million. This is a high standard crossing loop as it is a line used by passenger as well as freight trains. We urge government to consider allocating \$20 million to the construction or re-construction of crossing loops at Meredith and Tourello (or alternatives if appropriate), as the current situation of loaded trains being held as far back as Maryborough (due to inability to progress further toward Geelong in the absence of crossing loops) can result in very poor cycle times and ineffective use of rolling stock and infrastructure.

The Alliance regards Item (8), the problem of Temporary Speed Restrictions particularly associated with level crossings, to be a very important issue. As the GLTF report points out, this is a particular problem on the Mildura line. These restrictions result in a significant increase in train journey times and cycle times for both intermodal trains from Merbein and for grain trains. They also reduce the time available at the Merbein end for loading and unloading to a 4-hour window which places great pressure on the operators. While level crossings between Ballarat and Maryborough have been upgraded as part of the return of passenger train services to Maryborough, the AECOM Mildura Passenger Train Feasibility study reported some 150 level crossings in all beyond Maryborough (including 35 occupation crossings and pedestrian crossings). About \$65 million is needed to convert 110 level crossings from passive to active at a unit cost of \$500,000 per crossing, and about \$7 million to convert 35 crossings from Active to Boom barrier protected. As it seems clear that the Mildura line has a long term strategic future for grain, mineral sands, future intercontinental traffic if the Menindie link under consideration by Infrastructure Australia proceeds, and for future restored passenger services, the Alliance believes an accelerated program is needed to overcome TSRs by upgrading crossings on the Mildura line according to priorities derived from the ALCAM level crossing assessment model. The Alliance advocates an allocation of \$6 million per year for the next decade to overcome this problem.

GLTF Recommendation 2b:

The Victorian Department of Transport work with track managers, rail operators and grain companies to assess opportunities to standardise the rail freight network where economic circumstances justify gauge conversion

Victorian Government Response: Supported in principle

The Victorian Government Response was that:

- ***The Department of Transport is working on projects to consider full or partial standardization of key lines in the north west and north east of Victoria that may form part of a future national rail network or support major freight tasks such as mineral resources***
- ***The Department is also pursuing future proofing by laying gauge convertible sleepers between Wallan and Seymour, taking account of standardization in examining options***

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under the Geelong to Bendigo Rail Revival Study, and including a third rail in level crossings on the Mildura line..

Alliance Comments

The Alliance welcomes the Government's in principle support for this Recommendation.

The Alliance notes that consultations associated with the Grain Logistics Task Force disclosed strong industry support for gauge standardization, which for north western grain lines was halted at Dunolly in 2000. In the north east, standardization of the Benalla to Oaklands line was completed as a necessary step following the standardization of the broad gauge line between Seymour and Albury.

The GLTF Report noted on page 20 that support for the development of the proposed Mildura to Menindie transcontinental rail link is likely be a key determinant of whether the Mildura line and the other connected North West grain lines will be standardised. The Alliance considers that there are several factors that could lead to North West standardization, namely:

- The impact of a decision to build the Mildura to Menindie link;
- A decision to provide for rail transport of Murray Basin mineral sands via the Mildura line(or possibly the Sea Lake line)
- Adoption of a strategic rail standardization plan for Victoria's remaining broad gauge lines in the interests of competition, efficiency and productivity.

The Alliance supports the standardization of the remaining broad gauge freight network in the context of an appropriate long term strategy that includes consideration of demand, business case considerations, and orderly staged investment.

GLTF Recommendation 2c:

The Victorian Department of Transport work with track managers, rail operators and grain companies to assess the benefits and costs of increasing axle loads on the Victorian regional rail network to at least 21 tonnes to improve rail freight efficiency and reduce transport costs while maintaining grain train cycle times from silo to port and return.

Victorian Government Response: Supported in principle

The Victorian Government Response was that:

- ***An initial high level assessment had been undertaken of increasing axle loads to 21 tonnes on three lines connecting to the ARTC network, namely the Oaklands, Rainbow and Hopetoun lines***
- ***More detailed work will be needed to prepare a business case.***

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Alliance Comments

The Alliance welcomes the Government's in principle support for this Recommendation.

As the GLTF report notes, axle loads and journey times on Victoria's regional freight network have seen no material improvement over the past 40 years, while road vehicles and road regulations have been consistently upgraded over this time, reflecting preponderant investment in roads and bridge improvement and larger trucks.

Increasing axle loads on grain trains to 21 and then 23 tonnes can provide a 30% increase in train productivity.

The Alliance considers that, in addition to the raising of axle loads on ARTC connected lines to 21 tonnes, consideration should be given within the freight strategic investment plan to raising axle loads on gold and silver freight lines to 23 tonnes on a staged basis.

GLTF Recommendation 2d:

The Victorian Department of Transport work with track managers, rail operators and grain companies to work with the Port of Melbourne Corporation to improve train turnaround times in the port precinct as well as train stabling facilities.

Victorian Government Response: Supported in principle

The Victorian Government Response was that:

- ***The Minister for Transport has asked the Port of Melbourne Corporation to co-operate in optimising the use of the port***
- ***The Victorian Freight and Logistics Plan will target this issue***

Alliance Comments

The Alliance welcomes the Government's in principle support for this Recommendation.

The Alliance agrees that port access, turnaround times and stabling capacity are critical issues in the efficiency of grain movements, and is pleased that these issues are to be targeted in the Victorian Freight and Logistics Plan, due for completion late in 2013.

The Alliance notes that there have been important recent investments in better port access, including improved rail access to port container terminals in Melbourne and improvements to the Geelong Grain Loop.

In relation to grain rail terminals at Melbourne, Corio and Portland, there are constraints arising from port design and operating hours. Improving port turnaround times for grain trains will require investments such as extending the grain siding at Portland, providing improved train stabling at the Port of Melbourne and constructing or reconstructing crossing loops at Meredith and Tourello.

GLTF Recommendation 2d:

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The Victorian Department of Transport work with track managers, rail operators and grain companies to work with the Port of Melbourne Corporation to improve train turnaround times in the port precinct as well as train stabling facilities.

Victorian Government Response: *Supported in principle*

The Victorian Government Response was that:

- *The Minister for Transport has asked the Port of Melbourne Corporation to co-operate in optimising the use of the port*
- *The Victorian Freight and Logistics Plan will target this issue*

Alliance Comments

The Alliance welcomes the Government's in principle support for this Recommendation.

The Alliance agrees that port access, turnaround times and stabling capacity are critical issues in the efficiency of grain movements, and is pleased that these issues are to be targeted in the Victorian Freight and Logistics Plan, due for completion late in 2013.

The Alliance notes that there have been important recent investments in better port access, including improved rail access to port container terminals in Melbourne and improvements to the Geelong Grain Loop.

In relation to grain rail terminals at Melbourne, Corio and Portland, there are constraints arising from port design and operating hours. Improving port turnaround times for grain trains will require investments such as extending the grain siding at Portland, providing improved train stabling at the Port of Melbourne and constructing or reconstructing crossing loops at Meredith and Tourello.

Reopening of the Shepparton-Dookie line and Murchison Sidings -GLTF Comment in Section 6.3 of the Report.

Section 6.3 of the report of the Grain Logistics Task Force found that "Re-opening the rail line from Shepparton to Dookie was also supported by industry to enable the 120,000 tonnes of grain on the line to be transported by train rather than truck with reduced road damage and improved road safety", however this matter was not included in a GLTF recommendation or in the Victorian Government response.

Alliance Comments

A 2011 Department of Transport *Economic Assessment for Reinstatement of the Dookie line and upgrading of Murchison East Rail Siding* found that the reopening of the Dookie line has a positive benefit Cost Ratio of 2.09, while the combined Benefit Cost Ratio of the line re-opening and Murchison East siding is 1.69. This compares favourably with the BCR for many transport projects.

The Dookie line is 28 km in length, and service was suspended in September 2007. The Dookie line has been discussed by the Alliance from time to time. The Alliance's 2011 Report *Victorian Rail*

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Freight Capacity and the 2010-11 Grain Harvest recommended that “Victorian Government should recommission the Shepparton to Dookie railway to allow grain movements from Dookie”. Re-opening and Murchison East siding upgrading, are consistent with the Alliance’s general approach to such matters, and involve a commercially viable rail re-opening with significant economic and social benefits to the community in reduced truck traffic. Re-opening of the line is consistent with the Dookie Community Plan issued by the City of Greater Shepparton which provides for the extension of the existing rail trail within the rail reservation and for the reinstatement of rail services to agriculture.

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List of Points submitted by the Alliance:

The Alliance commends the Grain Logistics Task Force on its report and welcomes the Victorian Government's in principle support of those recommendations that concern the regional rail freight network. The Alliance submits as follows:

1. Strategic Framework for Investment in the Regional Rail Freight Network

The Alliance welcomes the preparation of a strategic framework for investment in the regional rail freight network. The Alliance considers this strategic framework should include:

- a. A plan for the standardization of the broad gauge freight only network in stages over the next 15 years;
- b. A plan for upgrading of all level crossings and the removal of Temporary Speed Restrictions on the Mildura line within 6 years;
- c. 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
- d. A financial plan that incorporates the above elements together with Major Periodic Maintenance allocations that reflect 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.

2. Major Periodic Maintenance Budget:

The annual Major Periodic Maintenance allocation in the state budget for the regional rail freight network should be approximately \$15 million per year, rather than the current level set in 2012 of \$30 million over 4 years.

3. Crossing Loops at Meredith and Tourello

The Alliance urges government to consider allocating \$20 million to the construction or re-construction of crossing loops at Meredith and Tourello (or alternatives if appropriate), as the current situation of loaded trains being held as far back as Maryborough (due to inability to progress further toward Geelong in the absence of crossing loops) can result in very poor grain train cycle times and ineffective use of rolling stock and infrastructure.

4. Mildura Line Temporary Speed Restrictions and Level Crossing removal

The Alliance believes an accelerated program is needed to overcome TSRs by upgrading crossings on the Mildura line according to priorities derived the ALCAM level crossing assessment model. The Alliance advocates an allocation of \$6 million per year for the next decade to overcome this problem.

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5. Rail Gauge Standardization

The Alliance supports the standardization of the remaining broad gauge freight network in the context of an appropriate long term strategy that includes consideration of demand, business case considerations, and orderly staged investment.

6. Increasing Train Axle Loads

The Alliance considers that, in addition to the raising of axle loads on ARTC connected lines to 21 tonnes, consideration should be given within the freight strategic investment plan to raising axle loads on gold and silver freight lines to 23 tonnes on a staged basis.

7. Improved Port Access

The Alliance considers the forthcoming Freight and Logistics Plan and proposed rail freight investment strategy should address port access issues including improving port turnaround times for grain trains and investments such as extending the grain siding at Portland and providing improved train stabling at the Port of Melbourne

8. Reopening of the Shepparton to Dookie line and Murchison East siding upgrade.

The Alliance, noting that the GLTF identified in Section 6.3 of its Report, community support for the re-opening of the Shepparton to Dookie rail line, and that an Economic Assessment of this by the Department of Transport found it would have a Benefit Cost ratio of 2.09 based on traffic of 50,000 tonnes per year, supports the re-opening of the Dookie line at the earliest possible opportunity. The Alliance also notes that the associated upgrading of the Murchison East rail siding (at a cost of \$4 million) has a combined Benefit Cost ratio of 1.63 and the Alliance requests that urgent consideration be given to this project in conjunction with the re-opening of the Dookie line. The Alliance notes that the re-opening of the Dookie line would save 2000 B-double movements per year resulting in significant reductions in road damage and increase in road safety.

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