RFA Response to VAGO Investigation

Introduction

The Rail Freight Alliance

The Rail Freight Alliance is focused on increased rail mode share, providing improved rail connectivity within Victoria (and into neighboring states) and working to ensure increased investment in Victoria's rail freight system in the future to support the efficient movement of freight across Australia.

The Rail Freight Alliance is made up of Victorian rural, and regional and metropolitan Local Government Councils. The Rail Freight Alliance represents the Local Government Sector in Victoria and adjoining States in freight logistics interests connecting Victoria nationally and internationally.

The Alliance response to the Victorian Auditor General Office investigation to the "Effectiveness of Rail Support Programs" is contained in this report.

Mode Shift Incentive Scheme (MSIS)

The MSIS allocation was originally funded at $20 Million over a 4-year period (5 million annually), current allocation $3.5 Million and the continuation and allocation is announced annually. The Alliance considers the current track condition and incomplete projects across Victoria justify the continuation of the MSIS.
Currently Public Transport is subsidised by the Victorian Government at $52 Billion/year. The Alliance considers that $3.5 million/year to support containerised freight fair value to the Victorian community.

This current the scheme

- Does not allow for sufficient planning by the terminal operators.
- Does not account for the additional operational costs.
- Does not allow for new operators to receive funding.
- Has not been indexed for inflation.

Port Rail Shuttle Network

Funding has been allocated to the Port Rail Shuttle project since 2014. The funding allocation was made up of $38 Million from the Federal Government and $20 Million from the Victorian Government. In late 2018 the Victorian Government committed $25.7 Million toward the Somerton and Altona facilities, leveraging a further $45 Million in private sector investment towards the projects. In mid-2020 the Victorian Government committed $28 Million towards the Dandenong facility, leveraging a further $50 Million of private sector investment.
These upgrades will connect to the Port of Melbourne's $125 million on-dock rail project, allowing shuttles to run directly into the Port of Melbourne
These investments will reduce the volume of trucks on the road network.

The interoperability of the current Port Rail Shuttle system is challenged by

- Differing rail gauges, operators, access agreements
- Shared passenger and freight paths.
- Stevedores directing freight to shipside.

An Effective Rail Network

The Alliance understands that VAGO has specific criteria regarding their investigation, however there are several factors listed below that determine the effectiveness of the MSIS and PRSN.

Conflicting Government Policy

The Victorian Government Freight Plan, "Delivering the Goods" references growing road and rail freight. The investment in the High Productivity Freight Vehicle Network (HPFVN) significantly higher than the Rail freight Network and existing advantages provided to road transport, being

- Continued investment in the HPFVN
- Additional routes for longer / heavier vehicles

Murray Basin Rail Project (MBRP) and Freight-Passenger Rail Separation Project (FPRSP)

The MBRP and the FPRSP are listed in the 2018 Freight Plan as improving efficiencies and reducing freight costs. The MBRP has been rescoped, resulting in broken gauge and increased rail freight distances and the FPRSP has been abandoned.
These projects are critical to the success of the

- Port Rail Shuttle Network
- Port Rail Transformational Project
- Melbourne Intermodal Terminal Package

Rail Maintenance

The current Victorian Budget has committed over $180 million towards rail maintenance, this is a greater allocation than in previous years. Despite this allocation there are still lines in Victoria operating on Temporary Speed Restrictions (TSR). What is important for industry to invest in utilising the rail network is certainty that lines will be maintained to a standard.

The Rainbow Example

GrainCorp made a significant investment in on rail loading infrastructure at their Rainbow site in 2016. VLine closed the Rainbow to Dimboola line just prior to the 2020 harvest citing safety concerns. It is difficult for business to make investment in rail freight if they cannot be guaranteed access to a "fit for purpose" line.

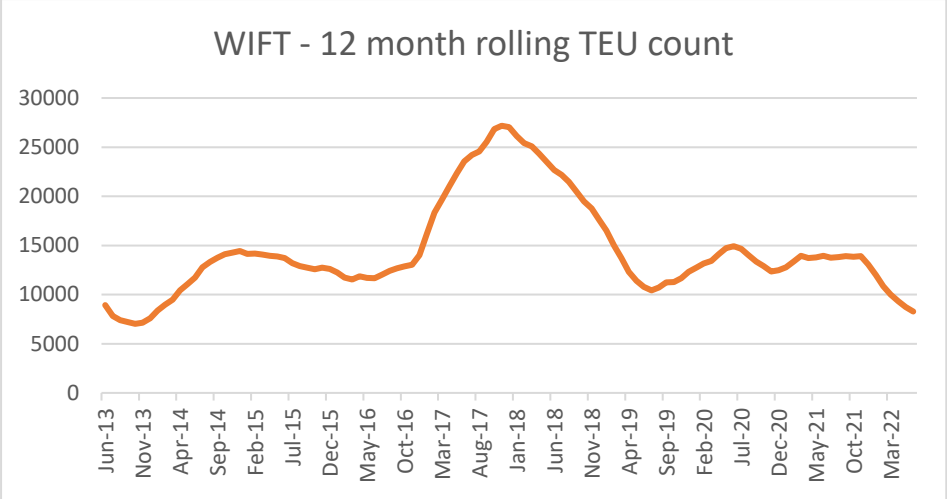
Holistic Costing

The decision for a freight customer to utilise road over rail is generally based on cost/tonne and reliability.
The Victorian Government should consider

- Road maintenance costs
- Road safety
- Vehicle emissions and air quality.
- Congestion

The WIFT- Dooen Example.

The loss of a major client, a hay exporter to road freight, contributed significantly to the decline in the level of utilisation of the facility after the peak in 2017.



Net Zero 2050 Emission

Rail freight produces 16 times less carbon pollution than road freight for every tonne kilometre travelled.

One per cent shift of freight from road to rail in Australia would reduce accident, emission, and health costs by $71.9 million per year. (Ref 1)

Reliance on the Road Network

The current reliance on the road transport over rail will impact negatively on

- Supply chain costs (fuel and road tolls)
- Driver shortage
- Air quality
- Capacity to meet export markets
- Road maintenance
- Congestion
- Community safety

A Transport Plan and Targets

The Victoria Government should invest in a Transport Plan and outline its long-term strategy to improve freight efficiency, grow productivity and better connect Victorian businesses with their markets, whether local, national, or international. The plan should clearly articulate timelines and mode targets.

(Ref 2)

<u>References</u>

1 ARA Taking Trucks of our highways and commuter roads.

1 RFA Policy Statement