



Association Number A03958 | ABN 64 217 302 489

AUSTRALASIAN RAILWAY ASSOCIATION SUBMISSION

To

Infrastructure Victoria

On the Second Container Terminal Evidence Base

Discussion Paper

A decorative graphic at the bottom of the page consisting of several overlapping, parallel lines in shades of blue and green, and a solid green shape that resembles a stylized landscape or a step-like pattern.

THE ARA

The Australasian Railway Association (ARA) is a not-for-profit member-based association that represents rail throughout Australia and New Zealand. Our members include rail operators, track owners and managers, manufacturers, construction companies and other firms contributing to the rail sector. The ARA thanks Infrastructure Victoria for opportunity to provide this submission, and notes the intent of Infrastructure Victoria's Consultation Summary document is to summarise the key themes raised during consultation with industry on its discussion paper *Preparing advice on Victoria's future ports capacity*.

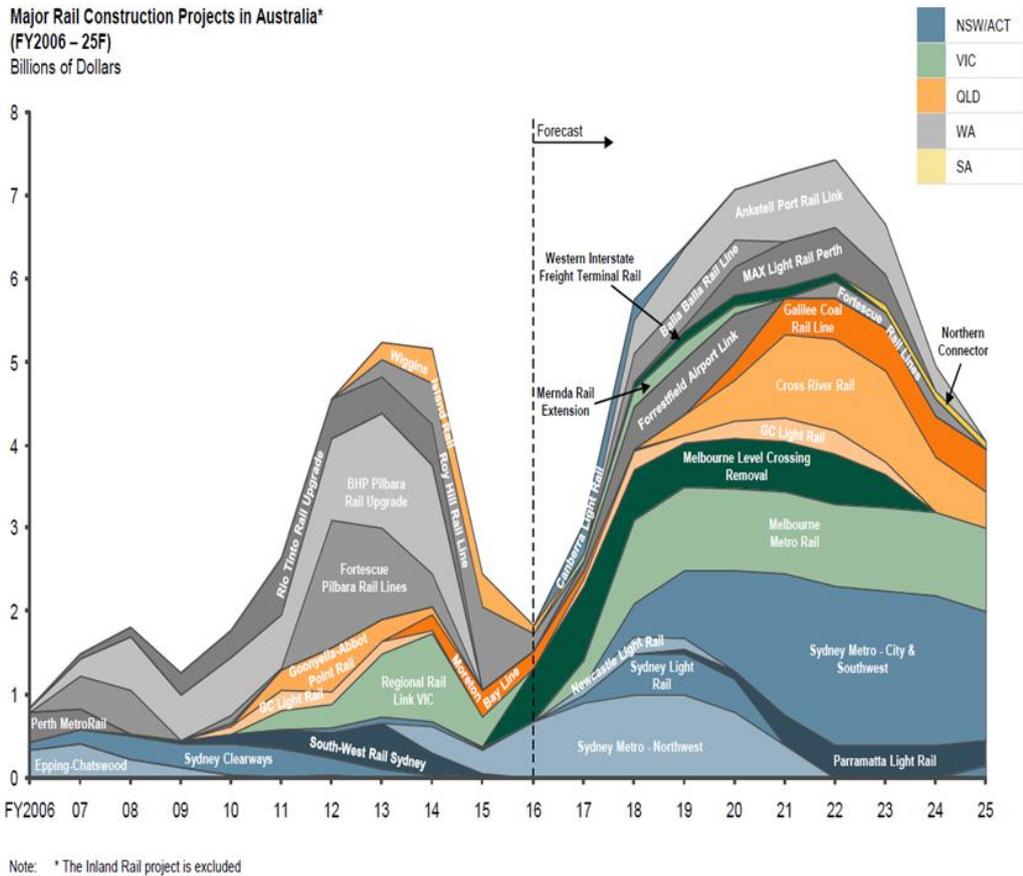
SUBMISSION KEY POINTS

- Consideration of a second container port in Melbourne should be part of a broader national approach driven by the National Freight and Supply Chain Strategy
- Increasing rail modal share at the Port of Melbourne is critical to maximising port capacity
- Rail must be a central part of the transport mix for both the existing and any new container port in Melbourne
- An efficient intermodal freight terminal network must be central to all future planning
- There should be strong integration between the different arms of government in regards to future land use and transport planning
- Road pricing reform is needed to underpin a more productive, efficient and sustainable transport network, including key port freight routes

BACKGROUND

ARA's comments on the Consultation Summary are set against the backdrop of significant investment by governments at both the state and federal levels on a range of freight and passenger rail projects. As the graph below indicates, major rail construction projects in Australia are forecast to reach record levels over the following the following decade, peaking at around 2022. This significant investment reflects a growing realisation by governments of the need to invest in future passenger and freight networks to help alleviate growing congestion, support economic growth and to achieve improved liveability in our cities – all of which are pertinent to the potential development of a second container port in Melbourne.

Macromonitor – major rail projects in Australia



NATIONAL FREIGHT AND SUPPLY CHAIN STRATEGY

As Infrastructure Victoria is aware, following the release of the Consultation Summary the Federal Government released terms of reference for an inquiry to support the development of the National Freight and Supply Chain Strategy.

One matter the inquiry will address will be establishing the capacity of Australia’s key national ports in comparison to international markets with similar characteristics. The inquiry has also been tasked with reviewing the adequacy of investment planning to efficiently meet forecast growth.

In light of this inquiry, and the subsequent development of a National Strategy, ARA encourages the Victorian Government to ensure its consideration on the need, timing and location of a second container port in Victoria is undertaken within a broader national context.

With the National Freight and Supply Chain Strategy primarily focussing on increasing the overall productivity and efficiency of Australia's freight supply chain, it is critical that future consideration of Victoria's future port needs is part of a broader national conversation about the investments and regulatory reforms needed to improve freight capacity and reduce business costs. This should include the need, timing and location of a second container port in Victoria, and in addition, incorporate the critical issues of long term planning and key transport connections (such as Inland Rail).

Notwithstanding this point, ARA wishes to make a number of comments on the Consultation Summary to help inform Infrastructure Victoria's final advice to Government in relation to a possible second container port in Victoria.

PORT OF MELBOURNE

In the short to medium term, the most efficient way to meet freight demand is to maximise capacity at the Port of Melbourne. To help achieve this, it is essential that rail takes a larger modal share to maximise throughput in an efficient, safe and environmentally friendly manner. The Consultation Summary appropriately recognises the need to expand rail capacity at the Port of Melbourne. The provision of rail infrastructure, both on and off-dock, is necessary for freight to move efficiently between ports and intermodal terminals. This will reduce heavy vehicle congestion (a theme identified in the Consultation Summary), enhance safety and improve urban amenity.

The development of a Rail Access Strategy will be crucial in the identification of options for rail infrastructure projects to improve rail access for the movement of freight into and out of the port of Melbourne. Given the significant interest by industry to improve rail access to the Port, the Port Access Strategy must be developed as a matter of high priority.

TRANSPORT CONNECTIONS

The Consultation Summary rightly points out the need to ensure rail is a central part of the transport mix for any new container port in Melbourne. These transport connections must form part of an integrated freight supply chain with efficient linkages to intermodal terminals and distribution centres. The ability of port location options to support a viable metropolitan intermodal freight terminal network must be central to all future planning.

Similarly, there must be a strong focus on ensuring the efficiency of future rail networks supporting a second Melbourne port is maximised through prioritising freight services. Future planning must be geared towards separating freight and passenger services, where appropriate, and on ensuring the efficiency of short haul rail services are not inhibited by inappropriate urban development.

On this point, it is critical that there is strong integration between the different arms of government in regards to future land use and transport planning to ensure interoperability between transport and urban planning. As future consideration is given to the potential of a second Melbourne port, the Government must ensure planning is holistic, thereby providing greater business certainty, and including transport connections in the planning and construction phase, not post-construction.

Some ARA members are of the view that the report would have been strengthened if greater weight was given to the industry-wide costs of transporting freight to either side of Port Phillip Bay. Another observation was that the report focuses strongly on the lower cost benefits of a second container port at Bay West, but does not include an upgrade of dedicated freight rail lines for southeast importers and exporters eager to use a rail mode to transport to/from the Port.

ROAD PRICING REFORM

For rail to continue to strengthen its role in supply chains in Australia, including port supply chains, it needs to be both competitive and integrated. A key issue is the introduction of direct heavy vehicle user charging and investment reforms by way of mass distance and location charging, based on economic principles of cost reflective pricing - to support a level playing field between rail and road. Reform in this area is needed to underpin the efficient use and supply of land transport and to support a more productive, efficient and sustainable transport network, including key port freight routes.

CONCLUSION

The ARA thanks Infrastructure Victoria for the opportunity to provide this submission. For further information, please contact Duncan Sheppard, General Manager, Freight and Industry Programs, dsheppard@ara.net.au or 02 6270 4531.