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# AUSTRALASIAN RAILWAY ASSOCIATION SUBMISSION

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To

The Victorian Department of Economic Development,  
Jobs, Transport and Resources

On the

*Victorian Freight Plan Discussion Paper*

# ABOUT THE ARA

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The ARA is a not-for-profit member-based association that represents rail throughout Australia. Our members include rail operators, track owners and managers, manufacturers, construction companies and other firms contributing to the rail sector.

We contribute to the development of industry and government policies to ensure Australia's passenger and freight transport systems are well represented and will continue to provide improved services for Australia's growing population.

# INTRODUCTION

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The ARA thanks the Department for the opportunity to provide this submission.

The ARA's comments are provided against the backdrop of the rail sector's demonstrated contribution to the Australian economy. Research recently undertaken for the ARA by Deloitte<sup>1</sup> found the sector contributes around \$26 billion a year (1.6% of GDP) and over 140,000 jobs.

The report also confirmed that with Melbourne's population expected to increase by around 3 million people by around 2060, government and industry will face significant challenges ensuring the efficient and safe movement of people and freight around the city, and across the state.

From a freight perspective, the report found growth is likely to follow along the path of GDP rather than population: a potential 88% increase in kilometres travelled by 2050 and an increase in vehicle stock of some 2.5 million trucks and light commercial vehicles.

Improving the efficiency and productivity of Australia's rail freight supply chains is critical to meeting this freight demand and improving liveability, particularly in our cities.

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<sup>1</sup> Value of Rail – The Contribution of Rail in Australia, Australasian Railway Association  
<https://ara.net.au/value-of-rail>

# SUMMARY

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The ARA's comments on the Discussion Paper are consistent with its submission to the Federal Government on its inquiry into National Freight and Supply Chain Priorities. They also reflect the ARA's *National Rail Industry Plan* which has been developed to support the rail industry's efforts to achieve its full potential. The submission's key points include:

- Freight corridor protection
- Rail to Port
- Equitable Road Rail Pricing
- Separating Passenger and Freight infrastructure
- Inland Rail
- Integration of Transport and Planning

# DISCUSSION

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## Freight Corridor Protection

Freight corridor protection is critical to ensuring Australia can prepare for domestic freight growth, which has increased 50% in the 10 years to 2016 and is forecast to grow another 26% by 2026<sup>2</sup>. In Victoria alone, the freight task in 2050 is expected to be four to five times larger than in 2013<sup>3</sup>.

The economic benefits of improved freight corridor protection measures are demonstrated by Infrastructure Australia's (IA) July 2017 report *Corridor Protection – Planning and Investment for the Long Term*,<sup>4</sup>. The report concluded that improvements in long-term infrastructure planning is

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<sup>2</sup> Who Moves What Where, National Transport Commission  
[https://ntc.gov.au/Media/Reports/\(D62E6EFC-36C7-48B1-66A7-DDEF3B04CCAE\).pdf](https://ntc.gov.au/Media/Reports/(D62E6EFC-36C7-48B1-66A7-DDEF3B04CCAE).pdf)

<sup>3</sup> Build it, but will they come, Victoria University  
<https://www.vu.edu.au/sites/default/files/iscl/pdfs/report-build-it-but-will-they-come.pdf>

<sup>4</sup> Corridor Protection, Planning and Investing for the Long Term, Infrastructure Australia  
<http://infrastructureaustralia.gov.au/policy-publications/publications/corridor-protection.aspx>



critical to lowering the cost of new infrastructure, by avoiding such things as tunnelling and land acquisition down the track.

In its report, IA found corridor protection and early acquisition could save up to \$10.8 billion across seven projects on the 2016 Infrastructure Priority List. This included key rail freight projects; the Port of Brisbane Freight Line, the Hunter Valley Freight Line and the Western Sydney Freight Line.

From a Victorian perspective, IA also estimated that the potential saving from protecting the Outer Melbourne ring road/E6 corridor would be in the vicinity of \$748 million. The ARA recognises the importance of protecting this key arterial as a way of easing congestion on Melbourne's current and future freight network.

More broadly, the ARA supports the development of a national framework for corridor protection with a focus on shared investment in corridor protection. Under this approach, a national framework would guide governments, including the Victorian Government, to:

- prepare agreed, robust plans
- prepare feasibility studies on the corridors arising from those plans
- establish joint funding and governance arrangements to protect and capture the value in those corridors.

ARA encourages all Governments, including Victoria, to adopt IA's recommendation for a national framework for corridor protection with a focus on shared investment in identifying and protecting corridors.

In addition to planning for future transport corridors, the ARA urges the Government to identify and protect future freight precincts, with a particular priority on the identification and prioritisation of strategic sites to the north and west of Melbourne for future freight precinct development.

## **Rail to Port**

To meet rising freight demand and to improve liveability in our cities, rail must take a larger modal share to maximise throughput in an efficient, safe and environmentally friendly manner. One freight train is estimated to get 110 trucks off the road, and emits 16 times less carbon pollution per tonne kilometre than a heavy vehicle.



With the Port of Melbourne's containerised trade forecasted to reach 6.4 million TEU by 2032-33<sup>5</sup>, getting more freight on to rail in Melbourne is a must. Infrastructure Victoria estimates rail mode share at the Port of Melbourne at around 10%,<sup>6</sup> which is contrasted to Port Botany's 18% modal share.

The ARA is supportive therefore of expanding rail capacity at the Port of Melbourne, and providing rail infrastructure, both on and off-dock, to move freight between ports and intermodal terminals. It therefore encourages the timely finalisation of the Port of Melbourne's Rail Access Strategy process to facilitate investment in essential rail infrastructure, including the joint Victorian / Australian Government commitment of \$58 million to improve connections between the Port of Melbourne and major freight hubs.

Transport connections must form part of an integrated freight supply chain with efficient linkages to intermodal terminals and distribution centres.

ARA takes this opportunity to reinforce its support for an open access framework facilitating unfettered rail access to the port, which is vital to realising the full economic and social benefits of public investment. Furthermore, it is fundamental to supporting further private investment by industry participants which is critical to boosting the efficiency of rail freight supply chains.

The provision of open access frameworks was one of the key themes emanating from the Port of Melbourne Rail Access Strategy Consultation Session held earlier this year (jointly hosted by the ARA and the Freight and Trade Alliance).

Members have reported to the ARA a number of port interface issues they have in relation to the requirements set out in the Port Rail Shuttle Funding Expression of Interest invitation, including the need to deliver a 'complete solution'; commitment to minimum throughput volumes; and funding proponents' levels of risk.

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<sup>5</sup> Containerised and non-containerised trade through Australian ports to 2032-33, BITRE [https://bitre.gov.au/publications/2014/report\\_138.aspx](https://bitre.gov.au/publications/2014/report_138.aspx)

<sup>6</sup> Advice on Securing Victoria's Ports Capacity, Infrastructure Victoria <http://www.infrastructurevictoria.com.au/sites/default/files/images/Securing%20Victoria%27s%20Ports%20Capacity%20WEB%20final.pdf>

These, and other concerns highlight the need to ensure open access practices underpin all future operating frameworks at dock and near-dock facilities. The ARA would also be concerned if the EOI process resulted in an environment which did not support this important principle.

The Victorian Freight Strategy should also embrace the positive benefits of the Mode Shift Incentive Scheme. This initiative has the potential to have a positive impact on reducing truck numbers on Victoria's country roads and highways. The ARA urges government support for this valuable scheme by expanding the program and ensuring adequate funds are provided to encourage rail freight, mode shift freight from road to rail and to protect regional roads.

### **Equitable Road Rail Pricing**

One of the key policy matters highlighted in the ARA report *A National Rail Plan for the Benefit of Australia*<sup>7</sup> is the need to remove policy bias between transport modes. Levelling the road / rail pricing regime is integral to this.

This issue is also highlighted in ARA's recent Deloitte report, which argues there is scope for ensuring that road usage is charged in a manner that accurately captures the cost of road infrastructure provision and, further, the negative externalities of road usage, such as congestion, vehicle emission and accidents.

It also highlights how the current charging arrangement can lead to poor incentives, resulting in socially undesirable outcomes. For example, trucks may be used on routes where trains would be preferred if trucks were charged for the full costs created by their use of the road network.

Similarly, drivers may choose routes or times of travel that cause congestion for other road users because pricing does not consider the effect of their decisions on others.

Whilst being led at the national level, the Heavy Vehicle Road Reform process is an endeavour requiring buy-in from all jurisdictions to support its development and implementation. Victoria's

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<sup>7</sup> A National Rail Industry Plan for the Benefit of Australia, ARA  
[https://ara.net.au/sites/default/files/u647/A%20NATIONAL%20RAIL%20INDUSTRY%20PLAN%20FOR%20THE%20BENEFIT%20OF%20AUSTRALIA\\_0.pdf](https://ara.net.au/sites/default/files/u647/A%20NATIONAL%20RAIL%20INDUSTRY%20PLAN%20FOR%20THE%20BENEFIT%20OF%20AUSTRALIA_0.pdf)

support for this process is critical to addressing the long-standing pricing inequities between road and rail.

The ARA therefore encourages the Victorian Freight Strategy to contain a clear commitment to work with the Commonwealth, through the Transport and Infrastructure Council, to actively support and deliver on the heavy vehicle road reform agenda.

### **Separating Passenger and Freight Infrastructure**

One of the main challenges faced by the rail freight industry is ensuring the timely delivery of freight services to intermodal depots, ports and other logistics facilities in ever increasing congested network. This is influenced by a range of factors outside the control of rail operators, including, but not limited to:

- passenger rail services, maintenance vehicles and passenger backup rolling stock being afforded priority over freight movements in urban areas
- different network owners
- the state of regional track infrastructure
- a lack of rail paths and due to different network owners, difficulty in aligning paths between adjoining owners

Overcoming these obstacles is integral to the improving supply chain efficiency.

ARA believes a priority action for state and federal governments should be the separation of freight and passenger lines. According to the National Transport Commission, across Australia's five largest cities, there are approximately 500 kilometres of shared passenger and freight lines. In Melbourne, it predicts there are approximately 171 kilometres of shared / passenger freight lines.

Plan Melbourne<sup>8</sup> predicts Melbourne's population will grow from 4.5 million to almost 8 million people — with Victoria's total population set to top 10 million by 2051. This growth underscores the need for greater government focus to separate freight and passenger lines to enable a clear

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<sup>8</sup> Plan Melbourne Summary, Victorian Government / Environment, Land, Water Planning Department  
[http://www.planmelbourne.vic.gov.au/data/assets/pdf\\_file/0009/377127/Plan\\_Melbourne\\_2017-2050\\_Summary.pdf](http://www.planmelbourne.vic.gov.au/data/assets/pdf_file/0009/377127/Plan_Melbourne_2017-2050_Summary.pdf)

passage for both freight and passenger train movements and to improve both the efficiency and reliability of freight and passenger services. This pressure is experienced in areas such as Dandenong, where diesel freight trains and metro passenger trains share tracks in the Caulfield to Dandenong rail corridor.

The ARA encourages governments to complement works to separate passenger and freight lines with an investigation into peak spreading to look at ways to move heavy vehicles out of peak periods which puts additional strain on the network.

## **Inland Rail**

The ARA agrees with the discussion paper's statement that the full potential of Inland Rail will only be realised by a new interstate rail terminal in Melbourne. This underscores ARA's support for the concept of the Western Interstate Freight Terminal (WIFT), which it has long regarded as a critical component of an integrated and efficient freight system.

The ARA notes that in 2013, the WIFT was the subject of a joint pre-feasibility study, with the Victorian Government funding \$1.5 million and the Australian Government funding \$3.5 million. This \$5 million commitment recognised the strategic significance of the development and the need for strong partnerships across all tiers of government in its delivery.

The ARA supports thorough analysis of both the Beveridge and Truganina options to ensure all capacity considerations are fully taken into account. The timing and need of the intermodal terminal must be central to this analysis, as well as long term planning and transport connections. The provision of an open-access facility which is close to the large industrial cluster in Melbourne's outer suburbs is essential to maximising the economic and social benefits of inland rail, including double stacking, as well as addressing rising truck congestion across the city.

The ARA encourages the Victorian Freight Strategy to encapsulate a long-term vision for intermodal terminals in Melbourne that facilitate double stacking, and are networked by high-capacity road and rail links, including connections to metropolitan container ports.

## **Integration of Transport and Planning**

Inappropriate urban development around freight facilities, such as proposed high-density housing near the Port of Melbourne, has the potential to significantly inhibit an efficient, 24-7 freight



system. Urban encroachment around freight facilities has been identified by the ARA as one of the key risks facing the rail freight industry in all capital cities, particularly in the light of significant population growth over the coming decades. It is critical therefore 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. 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.

## CONCLUSION

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The Victorian Freight Strategy presents industry and governments with an opportunity to meet the challenges of a growing freight task, a burgeoning population and greater community desire for improved liveability in our cities. The ARA takes this opportunity to encourage both sides of government in Victoria to commit to the initiatives in the Plan to help support business confidence in the long term.

A range of operational and regulatory obstacles exist however which act as barriers to establishing a truly national efficient and integrated freight transport system. The recommendations contained in this submission aim to address some of these issues and we appreciate the opportunity to raise them with the Department.

For further information regarding this submission, please contact Duncan Sheppard, General Manager, Freight and Industry Programs, via [dsheppard@ara.net.au](mailto:dsheppard@ara.net.au) or 02 6270 4531.

