

# Delivering the Goods

By GARRY BUTTON, Chief Executive Officer, Freight Victoria, Department of Transport

Victoria has the potential to increase gross state product by \$40 billion by 2040, and that will see a consequent tripling in freight volumes – from 300 million tonnes annually just three years ago to nearly 900 million by 2051.

Government doesn't move freight, but it owns the infrastructure on which the trucks and trains travel; it regulates the size and speed of vehicles; and it determines where they can and can't travel.

So, it has control over some significant levers.

The food and fibre sector accounts for around half the state's total goods exports. Victoria exports the most dairy (83 per cent), fruit (57 per cent), nuts (54 per cent) and prepared foods (41 per cent) of any state in Australia. Overall, Victoria's food and fibre exports are the highest in the nation at 27 per cent and are worth \$14 billion per annum.

But this type of freight generates lots of



visits to farm gates – so it favours road transport.

That's why, in concert with investment in the rail network, we're making it easier for more efficient freight combinations to get broader access to the road network.

As well as expanding the High Productivity Freight Vehicle (HPFV) network, we will streamline the heavy vehicle permit application process to get it under five days, work to reduce or eliminate curfews, and establish a fund to provide grants to local councils to upgrade local roads for heavier vehicles.

We're also prioritising road congestion.

We're getting anecdotal evidence of productivity sapping delays, and we have Bureau of Infrastructure, Transport and Regional Economics (BITRE) research to back those claims.

BITRE estimated that congestion was costing Melbourne \$4.6 billion per year in 2015, with projections for this to increase significantly to between \$6.7 billion and \$7.7 billion per year by 2023.

We're not so naïve as to think we have a silver bullet. What we're aiming to do is reduce the impact of congestion.

There are five initiatives in the Victorian Freight Plan, Delivering the Goods, designed to do this.

- We want to make greater use of telematics in heavy vehicles to better manage congestion – to find out where trucks are travelling, on the basis that if you can't measure a problem, you can't fix a problem.
- We will also develop the former Melbourne Market site in West Melbourne for truck marshalling as a way of smoothing the path for freight through the Port of Melbourne.
- We will look at regulating access charges for the Port of Melbourne.
- We will fund a trial of the Freight Consolidation Centre model for the Melbourne's CBD, whereby one, or a limited number of companies, bid for the right to distribute freight in the CBD.

- And we will structure future toll road contracts to encourage rather than discourage more freight on key truck access routes.

Victoria's extensive regional rail network provides a vital link in the supply chain of many regional agricultural commodities such as grain, hay, pulses, rice, wine and grapes.

Rail transports 22 per cent of Victoria's freight task measured in net-tonne kilometres (tonnes by distance) and 30 per cent of the state's non-urban freight task, reflecting a network that covers much of the state's agriculturally productive areas of the state.

Rail also transports 16 per cent of loaded export containers to the Port of Melbourne, but only 11 per cent of total container throughput.

This is down from about 15 per cent two decades ago.

The reasons for the decline are complex.

The natural impulse is to point the finger at a lack of investment. But the key reasons owe more to history than to state budgets.

The first is the historic anomaly that has given Victoria a different rail gauge to other states.

The decision to adopt broad gauge has haunted state governments and rail operators for over 150 years.

But it's something Victoria is in the process of rectifying.

Victoria is making huge strides in standardising the rail freight network through the Murray Basin Rail Project. This project will standardise and upgrade over 1000 kilometres of the Victorian rail network.

The project covers key parts of the regional rail network used by export mineral sands, grain and containerised produce. On its completion, most of Victoria's dedicated freight network will be standard gauge.

In addition, the project will boost axle



loading to 21 tonnes, leading to an extra 500,000 tonnes of grain on rail each year, potentially capturing about 20,000 journeys currently undertaken by road.

The project will also boost competition between Victoria's ports by ending the Port of Portland's gauge isolation.

Even though the Murray Basin Rail Project is only partly complete, the benefits are already evident.

Operators of standard-gauge rolling stock previously excluded from the Victorian network are taking advantage of the new gauge.

This is great news for farmers and exporters.

Growing Victoria's rail freight task is also hampered by the siting of the state's key interstate rail freight hub in a location that's not only cramped, but also unsuited as a terminal for Inland Rail.

Melbourne's interstate rail hub is located at Dynon, close to the Port of Melbourne and just over a kilometre from the CBD. Although it is the nation's busiest rail freight container terminal, it is not ideally located.

Interstate containers bound for distribution in Melbourne are railed to Dynon and often trucked to the outer suburbs.

In addition, Dynon has no room to grow and is unable to conveniently cater for 1800-metre long trains. What's even more restrictive is a rail tunnel in nearby Footscray that prevents access by wagons with double-stacked containers.

Our solution is a new interstate rail terminal that will be larger, more efficient and more logically located.

To be known as the Western Interstate Freight Terminal, or WIFT, the new terminal in Truganina will be closer to the large industrial cluster in Melbourne's west, reducing the time and length of truck trips by removing the need for interstate freight to transit through the Dynon precinct.

The new location will also reduce freight traffic through the inner west, potentially removing up to 2000 truck movements every day.

A site for the new terminal has been identified and a team set up in the Department of Transport to work on finalising the business case.

The Murray Basin Rail Project and the WIFT build on a considerable amount of investment that's already funded and, in some cases, under way.

Those investments include:

- The \$1.75 billion Regional Rail Revival which – while it has a passenger focus – nevertheless upgrades tracks shared with freight.
- \$130 million to remove a rail freight bottleneck in Ballarat that delays port-bound freight.
- \$10 million to Shepparton Freight Rail Network Planning.
- The Mode Shift Incentive Scheme that gives a rebate for containers on rail.
- A new Port Rail Shuttle Network,

which will deliver an efficient and cost-effective way of shuttling containers between the Port of Melbourne and the outer-metro area.

Together, these projects will deliver a big boost to the productivity of the regional rail network.

They'll also make the network more attractive to the food and fibre producers that dominate the state's agricultural exports.

Freight is a large and growing component of the Victorian economy, and it's benefited from strong investment in assets like a well-located port and an extensive road network.

The availability of accessible land for warehousing and the development of strong freight-generating sectors like manufacturing and food-and-fibre have underpinned the development of the state's logistics sector.

These advantages have been reinforced by two curfew-free airports in Melbourne and Avalon, which together cater for a third of the nation's air freight. Melbourne also has the nation's busiest container port with 36 per cent of total container trade.

Planning for freight is about using those levers to make the industry even more efficient. It gives industry a framework in which to operate and to make investment decisions, and it also ensures we can deal with growing freight volumes while preserving the things that make Victoria a great place to live.