

Mr Paul Neville MP  
House of Representatives  
Standing Committee on Transport and Regional Services  
Parliament House  
Canberra ACT 2600

Dear Mr Neville

### **Inquiry into the Integration of Regional Rail and Road Freight and their interface with Ports**

The Victorian Freight and Logistics Council is an independent government advisory body appointed the task to identify impediments to the efficiency of freight transport performance in Victoria.

The Council is currently undertaking a process of industry consultation on the infrastructure requirements for a range of freight transport users and performance gaps they identify. We expect to be in a position to report to State and Federal governments in detail in the third quarter of 2005.

In the interim, we provide the following advice to the Inquiry.

#### ***Melbourne***

Melbourne is Victoria's only container handling port and the largest container port in Australia. It handles product from several states and a wide hinterland within this State. This port also handles break bulk and bulk products.

The port adjoins a major interstate rail hub which provides opportunity for it to develop Australia's largest integrated international intermodal hub. Planning is underway to develop the detailed projects that are part of this vision, through the Melbourne Port@I Board.

#### **Road Network Interfaces**

The Port of Melbourne has a natural advantage in being situated centrally to Victoria's largest population and regions producing export products. The port is well serviced by arterial road connections, with two major exceptions. The Westgate Bridge exceeds capacity for several hours each day. This infrastructure is a key connector between the apex of freight and logistics activities in the western suburbs and the Port of Melbourne. An alternative river crossing will be needed within the next few years to sustain efficient freight movement. The Monash Freeway linking the south-eastern metropolitan region to the port precinct is also chronically congested during daylight hours. This route is the key arterial connection for more than one third of freight generation and consumption sites in Melbourne.

Regional and interstate cargoes being transported to this port by road via the Western Highway experience inefficiency due to a lack of duplication and town bypasses and congestion, particularly on entering the outer Melbourne suburban areas. The Deer Park Bypass is urgently required to provide access to the metropolitan arterials.

### Rail Network Interfaces

Rail freight from the interstate network is restrained from efficient direct access to the Port of Melbourne terminals, a situation which the Dynon Port Rail Link project is likely to relieve.

However, intrastate rail freight continues to be moved from the Dynon terminal by road to the docks, an inefficient and costly exercise. This movement relates to path availability and scheduling of interstate trains.

As Melbourne is the only container port in the State, regional intermodal hubs play a vital role in consolidation of regional containerised goods for this Port. Hub operators experience difficulty in gaining regular, affordable services due to a combination of low volumes, the cost of infrastructure development, protracted leasing and access negotiations and driver shortages. These commercial issues are exacerbated by poor track condition which limits axle loadings and speeds, as well as bridge and tunnel height restrictions.

A recent example was provided by the meat industry, which is increasingly restricted to using 40ft reefer containers for export. This product cannot be transported fully loaded due to weight restrictions, making it amenable to rail transport. However, tunnel height restrictions in Geelong preclude movement by rail from key meat producing regions in the south-west of the State using the high cube (2896mm) 40ft containers, even with low profile wagons.

Rationalisation of many receival facilities for both containerised and bulk products has frequently relocated facilities further from rail heads, indicating a fundamental re-think of rail network requirements may be relevant. Given the high cost of repair and standardisation of the existing intrastate network accessing Victoria's ports, it may be more efficient and effective for new routes to be more responsive to industry needs. For example, Australia's largest dairy exporter generates over 70,000 truck trips using the Westgate Bridge each year. The national distribution centre for this exporter has potential for rail connection.

Rail usage for cargoes which may have previously been considered uneconomical because of short distance or time constraints is now under review by producers, manufacturers and wholesalers, given an expectation of continuing high fuel costs.

### **Geelong**

The Port of Geelong receives product from a wide hinterland, including the Gippsland region and the north and south-west of the State.

### Road network interface

Road transport is used to haul timber from the east of the State to Geelong for shipment, as the rail connection is inadequate and problematic as sources of product shift. Trucks have poor access crossing from the east of Melbourne to the west to

access the Princes Freeway. A linkage between the Eastern Freeway and the Old Geelong Road in the inner north of the city would facilitate this movement.

The Geelong Bypass will effectively remove freight traffic from the Melbourne-Geelong Rd through Geelong city. However, no connecting overpass is planned to link the portside area with this bypass, or to link the Heales Rd industrial estate (which is planned for port use) with the core terminal areas.

#### Rail Network Interface

The Port of Geelong has a broad gauge connection to Corio North and Corio South. The Corio North link is in poor condition. Dual gauge connections are required for these two terminals. The State Government has plans for the Corio Independent Goods Line, which is a dual gauge connection from Geelong North Rail Yards to the Corio sidings. This project and the Lascelles Link into Lascelles Wharf have been delayed for over four years, resulting in trade impediments for commodity groups including grain, fertiliser, logs, woodchips and steel.

### **Portland**

The Port of Portland is a bulk port in Victoria's south west region. It services products from western Victoria, southern NSW and South Australia.

#### Road Network Interface

The Victorian Government investment in the Cliff St Overpass will improve local port access, however a significant impact on regional roads will occur over the next decade as plantation forests and mineral sands volumes escalate through this port. Federal support for this economic activity in the form of road upgrades will be required.

#### Rail Network Interface

The Port has a standard gauge rail interface. Due to delays in standardisation of freight lines in Victoria, this port has suffered limitations on its trade hinterland serviced by broad gauge rail.

The Port of Portland indicates that 1.2 million tonnes from South Australia and 900,000 tonnes of product from Victoria is freight favoured to rail. These products are mineral sands, grain and plantation woodchips. An upgrade of connections including the reinstatement of the Heywood-Mt Gambier line and the Mt Gambier-Naracoorte – Wolsley line and a spur to Tapeena will help to achieve these volumes to rail at a time when the road network will be stressed due to a peak in woodchip volumes moving to the Port.

### **Hastings**

The Port of Hastings is currently a bulk port, however it is planned to fulfil a major role as the second container port when Victoria's seafreight trade reaches capacity constraints at the Port of Melbourne.

There is an urgent need to reserve rail and road access corridors and connections from this port to the interstate rail network, before development pressures escalate further in the south eastern region.

The Port of Hastings Corporation is charged with this task and will require the support and assistance of the Federal and State Governments to achieve this. This region generates over 35 percent of freight movements and is vital for sustaining competitive advantage in the longer term for Melbourne.

## **The Role of Government**

In Victoria, a largely privatised environment exists. Two of the four commercial ports have been privatised, and a third leased to private management. Two road network companies deliver and operate major arterials. The intrastate rail network is leased to an access management and above-rail business operator.

This situation places particular constraints on the role of government in relation to freight transport. Regulation of the commercial environment and competition issues related to infrastructure investment are a focus. Public investment should not create a commercial advantage or disadvantage for private investors, as is the case with the rail network servicing the Port of Portland, where partial standardisation by the Federal Government has generated restricted access for this port's hinterland.

Government's facilitative role vis-à-vis intermodal hubs highlights a difficult balance between potential distortion of markets and efficient expenditure to manage public costs incurred through freight movement. Shifting port cargoes to rail will generate significant public goods in terms of avoidance of accidents, congestion, greenhouse emissions and road expenditure demands. However, provision of infrastructure or regulatory support for a privatised hub may be viewed as anti-competitive. Where hub infrastructure is publicly owned, common user policy and regulation may be the only means to facilitate public support.

Management of land use is a key area in which government at the State and local level can facilitate the development of regional intermodal hubs. Ports, hubs and their connecting corridors are a specific use which requires a 24/7 operating environment in order to be effective and to manage the freight task. There are presently few state level protections for freight places and their effectiveness is constantly being eroded by a lack of recognition of their vital role at the local level. Numerous instances of land use conflicts are reported across the State. This issue must be tackled on a consistent, systematic basis, with buffering to protect non-freight uses abutting freight places and articulation of protection for freight places within local planning schemes and policy instruments.

Government also has a responsibility to most efficiently utilise public infrastructure. Industry has been requesting government to nominate freight hubs for inter-state and intra-state freight operations, which optimise public infrastructure investment and enable industry to invest in a climate of certainty. This guidance has not been available, and it is likely that inefficient investment patterns will emerge over the next decade.

Further clarity on performance based regulation for vehicles is essential given the lag between infrastructure investment and industry operations on the road network. The process for assessment of permit applications and industry-wide codes of practice need investigation with a view to achieving flexibility and responsive regulation. The use of technology to monitor impacts of equipment and vehicle routing could be escalated with additional resources.

The Victorian Freight and Logistics Council expects to advise both State and Federal Governments in the last quarter of 2005 on an industry view of infrastructure priorities in Victoria.

We look forward to providing a more comprehensive picture at that stage.

Yours sincerely

A handwritten signature in black ink, appearing to read 'John Begley', with a large loop at the start and a horizontal line extending to the right.

John Begley  
**Chairman**  
Victorian Freight and Logistics Council  
June 2, 2005.