

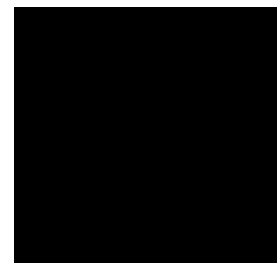


Victorian
Chamber of Commerce
and Industry

11 November 2022

Dr Kerry Schott AO
Panel Lead
Inland Rail independent review panel

Via online submission



Dear Dr Schott

The Victorian Chamber of Commerce and Industry welcomes the opportunity to make a submission on the Inland Rail Review (IRR), 2022.

As Victoria's leading business and industry body, each year the Victorian Chamber informs and services more than 65,000 members, customers, and clients across the state. Our work encompasses all industry sectors, spanning small, family, medium, and large-sized enterprises. These include major freight companies, as well as the Port of Melbourne.

The position presented in this submission has been informed through our ongoing member consultation. We would welcome the opportunity to meet with you.



Yours sincerely,

Paul Guerra
Chief Executive

Executive Summary

The Victorian Chamber welcomes the opportunity to provide a submission to the Independent Review into the delivery of Inland Rail (IRR).

Victoria's role is crucial to the success of Inland Rail and ensuring a fit-for-purpose national freight network. As home to the Port of Melbourne, Australia's largest container port, Inland Rail's cohesive and symbiotic relationship with Victorian infrastructure needs and projects is crucial.

To achieve a productive, competitive, and low carbon freight network, it is necessary to get the shift from road to rail right in Victoria.

The priority areas highlighted in this submission include:

- Location of the Intermodal Freight Terminal in Victoria,
- Port of Melbourne connection to rail,
- Procurement, and
- Coordination and consistency across the national network.

The Victorian Chambers 10 recommendations address the IRR's Terms of Reference areas relating to the consultation of and reviewing the processes for selecting the Inland Rail route.

Recommendations

1. Prioritise a decision on the Victorian Intermodal Freight Terminal's site at the WIFT location as soon as possible to provide certainty to operators and industry.
2. Plan for the development of the Beveridge intermodal Freight Terminal (BIFT) in the longer-term to future-proof national rail freight capacity.
3. Connect the Western Intermodal Freight Terminal (WIFT) directly to the Port of Melbourne via a dedicated trainline to the Swanston Dock in the short-term and Webb Dock in the longer-term to build productivity in the Australian Supply Chain, and improve capacity through the Port of Melbourne.
4. Quantify the amount of private investment required across Inland Rail to equip industry with more information, unlocking opportunities for private investment.
5. Clarify the role of State and Federal governments in Inland Rail projects to reduce delays and provide more information for decision makers.
6. Ensure consistent transport industry regulation for the use of Inland Rail once the project is completed.
7. Articulate the funding roles of governments in relation to freight.
8. Ensure ARTC is accessible, as part of performance measures, to ensure high-quality and continuously improving consultation.
9. Publicly share prioritisation of projects to improve transparency, communication, and decision making ability.
10. Establish an Inland Rail Working Group, including industry bodies and large industry, to enable consistent freight regulation across the network.



Introduction

As the leading voice of the Victorian business community, the Victorian Chamber is pleased to submit to the Independent Inland Rail Review.

Victoria plays a major role in the national freight and transportation network, as home of the highest volume national import and export hub: the Port of Melbourne. Victoria is also a significant producer of commodities and has a growing population that will require greater freight movements. Significant Inland Rail project work currently occurs or will occur in Victoria, including track upgrades, laying new track in Regional Victoria, and the development of a new intermodal freight terminal.

Inland Rail is a nationally significant project, increasing Australia's supply chain resilience through improved capacity and capability that helps facilitate growing freight demands. The project, comprising of 13 individual project sections delivering more than 1,700km of upgraded and new track across three states, will connect Melbourne and Brisbane – Australia's fastest growing cities. Inland Rail has the potential to significantly benefit rural and regional Australia, as well as urban communities — enabling a more efficient movement of freight across Australia and further diversification of the nation's freight infrastructure.

Increased efficiency of freight via Inland Rail means not only faster and more competitive movement of goods, but a shift to a lower-carbon and more sustainable transport mode, with Inland Rail predicted to cut carbon emissions by 750,000 tonnes per year by 2050. Moving freight off roads and onto rail via a connected, efficient, and fast rail network will help the task of decarbonizing our economy while also helping regional cities grow by providing more opportunities for jobs and industries.

The Inland Rail project has experienced many challenges, culminating in a Senate Review in 2021, which in turn recommended an independent review. The Senate review included several recommendations the Chamber supports, several of which we include in this submission.

This submission focuses on the following two points outlined in the reviews Terms of Reference:

- 'Point b' -consult with stakeholders across the freight sector to test the Inland Rail service offering-
- 'Point c' - review the processes for selecting the Inland Rail route to confirm it is fit for purpose and has considered both impacts and potential broader economic benefits to regional economies and communities.

The priority areas highlighted in this submission include:

- Location of the Intermodal Freight Terminal in Victoria,
- Port of Melbourne connection to rail,
- Procurement, and
- Coordination, and consistency across the national network.

Victorian Intermodal Freight Terminal location

Uncertainty remains around where the Inland Rail will begin and end. In Victoria, Inland Rail will begin, or be connected, at the new Intermodal Freight Terminal's yet-to-be-confirmed-site. Melbourne's current intermodal terminal at Dynon, a location that requires long transits across the network, will reach full capacity in 2027, according to Infrastructure Australia.¹

There are two potential sites for the Victorian Intermodal Freight Terminal to connect to Inland Rail: one at Truganina and the other at Beveridge. A decision on terminal location has been subject to planning and negotiations between the Australian and Victorian governments. Progress has stalled because of concerns around the large cost of the project, both of the site itself and surrounding infrastructure such as roads and other track, including the Alamar North Connection project.

The Victorian Chamber after extensive consultation with our members, and alongside the Victorian Government, believe the Western Intermodal Freight Terminal (WIFT) at Truganina needs to be prioritised and that a decision needs to be made on this as soon as possible. The Intermodal Freight Terminal in either location is vital to unlocking efficiency in the rail network and allowing doublestacking; a gamechanger for freight productivity. At this point in time WIFT needs to be the priority.

Confirming the location of the Terminal provides certainty and allows planning, including land acquisition alongside formal planning and site exploration to begin. It will also provide time to plan for relevant acquisitions and allow both Governments and Industry to consider commitments to funding. The 2021 Senate Inquiry into Inland Rail also highlighted the need for planning to begin now, with recommendation 15 stating the Australian Government should *support state and local governments efforts to prioritise and expedite planning approvals for intermodal terminals that have clearly demonstrated a capacity to efficiently link Inland Rail to other key rail and road freight routes.*² Further delay on a location decision risks important logistics activities and infrastructure being developed around Melbourne, impacting future efficiencies/ occurring haphazardly around the city without certainty on the location.

Independent studies show that WIFT is the best location due to the proximity to roughly 50 percent of existing interstate freight rail customers, with good road access to other parts of Melbourne. The WIFT site is also large enough to house a significant precinct for co-located freight and logistics activities which would likely be required in the rail terminal. The WIFT site also has the space to accommodate demand for rail freight well beyond 2050,³ and future proofs rail capacity for further demand as Australian businesses continue to become more productive.

The vast majority of major Victorian freight operators agree that WIFT is the preferred site option. Modelling suggests that distribution capacity at the WIFT Truganina location would take 34 years to reach the capacity currently at the other proposed site at Beveridge. WIFT has been modelled as \$155 per container less expensive than BIFT, due to savings in pick and delivery.

¹ [Infrastructure Australia, 2022.](#)

² [Australia Government Senate Inquiry, 2021.](#)

³ [Victorian Freight Plan, 2018.](#)

WIFT is closer to freight demand in the West, shown by the Port of Melbourne's 2020 Container Logistics Study which reported the largest import and export customers are Western, at 37.3% and 33.8% respectively. WIFT is also closer to the Port of Melbourne, further impacting cost reduction.

The BIFT location also has benefits, and should be subsequently developed in addition to WIFT to provide additional rail freight capacity to supplement WIFT. This should be undertaken once WIFT is operational as a first priority. Building BIFT as well further futureproofs the rail network, will ensure Australia's freight capacity, efficiency, and productivity can continue long-term growth; but will need planning considerations made now to ensure appropriate land allocation.

Recommendations:

1. Prioritise a decision on the Victorian Intermodal Freight Terminal's site at the WIFT location as soon as possible to provide certainty to operators and industry.
2. Plan for the development of the BIFT in the longer-term to futureproof national rail freight capacity.

Port of Melbourne - Rail connection

Freight connection to the Port of Melbourne is of national significance. The Port of Melbourne is Australia's largest container, automotive and general cargo port and is an essential component of the Victorian, Tasmanian and south-eastern Australian economies. It is the largest generator of inter-capital rail freight in Australia and is served by more interstate freight trains per week than any other capital city.

To create efficiencies across the national rail network, the infrastructure supporting the movement of freight should be connected to Australia's largest container and cargo port, in Melbourne. Efficient freight movement in and out of the Port is an important determinant of the Port of Melbourne's capacity, with flow on effects for the productivity of the Australian supply chain.

The Port of Melbourne should be connected to the Inland Rail via the Intermodal Freight Terminal. A dedicated freight rail link to the Terminal will help move freight through the supply chain more quickly, and also move freight in and out of the Port faster, meaning the Port of Melbourne will be able to process higher volumes.

In the immediate term, the Swanston Dock needs to be connected to the Intermodal Freight Terminal, as well as the northern Webb Dock in the longer-term. Without this rail connection, the goal of substantially getting freight off trucks and onto rail will not occur. The Port of Melbourne reports that truck traffic at the Swanson Dock and Webb Dock precincts was measured in 2021 at over 12,000 trucks per weekday. Port of Melbourne forecasts predict this traffic will grow over the next 30 years to over 10,500 trucks per day to Swanson Dock and over 9,300 trucks per day to Webb Dock. A total of 19,800 movements per day.

Recommendation:

3. Connect the Western Intermodal Freight Terminal (WIFT) directly to the Port of Melbourne via a dedicated trainline to the Swanston Dock in the short-term and Webb Dock in the longer-term to build productivity in the Australian Supply Chain, and improve capacity through the Port of Melbourne.

Procurement

The 2021 Senate Inland Rail Review included a recommendation that the Department of Infrastructure, Transport, Regional Development and Communications ensures a requirement is applied to the Public-Private-Partnership (PPPs) agreement that local suppliers, where practicable, are utilised throughout Inland Rail's construction. This recommendation highlights the role of private industry in procurement, through direct investment and inclusion in PPP models.

The Victorian Chamber agrees that PPPs are important and have a substantial role to play in the delivery of significant infrastructure projects and in various service delivery models. The benefits of PPP models of delivery can be extended to other forms of private procurement. For example, optimal integration of commercial opportunities, design innovation and design solutions that provide long-term efficiency benefits (among others) for governments and communities.,

In a large, complex, and challenging project like Inland Rail, the amount of private sector funding required has not been quantified. The private sector's role is crucial, not only by providing funding and investment, but in the capability to deliver increased operational efficiency and effectiveness, mitigate risks, and enhance environmentally sustainable development outcomes. Many logistics providers and operators who can be leveraged more fully in procurement are large, family-owned businesses, that have been in operation for decades. Utilising their expertise, and providing better data and clarity to these businesses to contribute to the development and operation of Inland Rail will improve overall outcomes and likely put downward pressure on costs.

The amount of private investment required across Inland Rail, and its application, should be quantified to provide a sense of certainty for industry. Equipped with more information, operators and wider industry can plan and understand where need and opportunity are, and channel resources and expertise accordingly. This will facilitate better, more effective opportunities for private investment.

To further provide certainty and information for industry making procurement-related, and other decisions, clarification is needed on the roles of government, in relation to funding freight projects. Confusion about where funding will come from further creates uncertainty for industry and complicates decision making.

Recommendations:

4. Quantify the amount of private investment required across Inland Rail to equip industry with more information, unlocking opportunities for private investment.
5. Clarify the role of State and Federal governments in Inland Rail projects to reduce delays and provide more information for decision makers.

Coordination, Consultation, and Consistency

Feedback from industry on Inland Rail continues to show the need for better coordination, consultation, and the importance of consistency across the national freight network.

Alignment across government and private supply chain operators in the delivery of Inland Rail and related freight, such as the Port Rail Shuttle Network and Port of Melbourne's Port Rail Transformation Project is required, particularly to ensure necessary planning needed for infrastructure corridors are protected now and necessary early investment undertaken. This should be prioritised going forward and an arrangement between State and Federal planning bodies to help facilitate these projects should be agreed to.

Consultation processes for Inland Rail have been challenging, which has not been improved with limited access to ARTC, or guidance provided by ARTC when issues during consultation arise. ARTC needs to be more accessible and transparent during these processes, perhaps by promoting their key contacts more widely, and ensuring greater access is part of ARTC performance indicators. Feedback on consultation processes also need to be adopted, to demonstrate how processes are being continuously improved and learnings are taken on board.

Industry also feels coordination and consultation has been lacking in regard to timeframes and prioritisation. How and why different aspects and projects of the Inland Rail Program are prioritised, and the implications of these decisions need to be publicly shared in an accessible and transparent manner. This will further increase certainty for industry and allows them to feedback appropriately to Inland Rail projects, and improve quality outcomes.

Consistency in regulation across the rail network is required. The 2021 [Victoria Summit](#) Playbook, a unique opportunity for thought leaders from industry, unions, governments, the community and educational institutions to work together to create a shared, bold, compelling and aspirational vision for Victoria and a path for our state's economic recovery and long-term prosperity called for such regulation consistency. Action 5 calls out the need for collaboration between governments to reduce regulatory complexity across the board, and specifically highlights transport industry regulation.

The strong need to address consistency of regulation is further shown by its inclusion as an Inland Rail Senate Inquiry recommendation: *'establish an Inland Rail working group to review and determine possible regulatory reforms to improve competitiveness, innovation, efficiency and use of Inland Rail'*.

Recommendations:

6. Ensure consistent transport industry regulation for the use of Inland Rail, once the project is completed.
7. Articulate the funding roles of governments in relation to freight.
8. Ensure access to ARTC and enact relevant performance measures and processes ensuring high-quality and continuously improving consultation.
9. Publicly share prioritisation of projects to improve transparency, communication, and decision making.
10. Establish an Inland Rail Working Group, including industry bodies and large industry, to enable consistent freight regulation across the network.

Concluding comments

As the leading business voice in Victoria, the state which is home to a national freight hub of significant national importance, the Victorian Chamber is pleased to provide ten recommendations to help ensure the Inland Rail Program is successful.

These recommendations focus on improving information and transparency across the Inland Rail program, which will allow industry to participate more meaningfully. If industry is better able to engage with this program and leverage technical and commercial expertise, innovation and efficiencies will improve, resulting in a fit-for-purpose freight system.