



COMMITTEE FOR MELBOURNE REVIEW

OF THE

VICTORIAN FREIGHT AND LOGISTICS PLAN

August 2013

COMMITTEE FOR MELBOURNE BRIEFING NOTE

Victoria Freight and Logistics Plan (VFLP)

Foreword

The issue of securing a freight and logistics future for Melbourne has been on the Committee's agenda for some time. In our 2010 Shaping Melbourne publication, the Committee identified that the city's freight movements will need;

- More arterial freight movements late at night and early in the mornings.
- The establishment of freight hubs.
- Adoption of solutions such as the 'last km' initiative, to harbour the dispersed distribution of freight.
- A review of freight compatible road transport routes.

More recently in November 2012, Committee members gathered for a Freight & Logistics forum discussion that identified the following key outcomes;

- Our current infrastructure, (air, water and land), is operating at or near full capacity.
- Melbourne's freight task will continue to grow over the medium to long-term if, as expected, population growth maintains current levels.
- There is currently a lack of understanding and promotion regarding the benefits the freight and logistics industry delivers to Victoria and its people.
- A clearly defined long-term plan for freight and logistics in the state is lacking.
- The impact of urban encroachment and port traffic on the port precinct and major arterials will potentially have detrimental effects on our distribution efficiency.
- Investment in dedicated freight rail to intermodal hubs must be prioritised. Qube logistics noted that 500,000 twenty foot equivalent units (TEU's) moved by rail would take 860,000 truck movements off the roads.
- Melbourne's Airports are major freight terminals. Keeping the air freight corridors open, and maintaining the curfew free status of our airports is paramount.

Freight and logistics, in addition to playing a key role in our ability as consumers to readily access goods, also plays a significant role as an economic driver for the Victorian economy.

- Victoria is the largest food and fibre exporting state earning around \$9 billion each year.¹
- Victoria exports some 18 per cent more loaded pallets to other parts of Australia than it imports. All other states except NSW, are net importers of palletised goods, (and even NSW exports only approximately four per cent more than it imports).
- Victoria's freight and logistics sector contributed between \$19 and \$23 billion (approximately eight per cent) of the state's total economic activity in 2011.²
- The Port of Melbourne is the nation's largest container and general cargo port, while the Port of Geelong and Port of Portland also delivered record trade figures in 2011-12.

¹ Victoria the Freight State – The Victorian Freight and Logistics Plan, August 2013

² Victoria the Freight State – The Victorian Freight and Logistics Plan, August 2013

Through the development of the Victorian Freight and Logistics Plan (VFLP) it is pleasing to see that the State Government has made a concerted effort to plan for our freight and logistics future, and furthermore, in the process of planning, established a Ministerial Freight Advisory Council of key industry experts to advise Government and oversee the development of the plan. This approach has seen some previously under valued and debated issues, such as the use of urban rail in the freight task and the development of intermodal hubs as a priority, come to the fore as key issues in the plan.

Whilst the Plan discusses a range of important initiatives, it still lacks clear strategies around the prioritisation, funding and financing of the options discussed.

As identified in the National Freight Plan, *'More sustainable financing arrangements: in order that the right investment occurs in the right place at the right time'* is an absolute priority. Whilst a number of key capacity building initiatives, such as the development of the Port of Hastings, are discussed in the Plan, it is essential to consider the sequencing and prioritisation of projects to ensure that optimum value is delivered.

A plan without clearly defined actions and outcomes identified will be difficult to benchmark in terms of delivery performance. It is interesting to note that the draft New South Wales strategy proposes to measure on a quarterly basis, freight network KPI's. Given the proposed long term nature of the VFLP, it will be of equal importance for Victoria to measure performance in order to assess and progress against the stated vision for Victoria's position as the leading state in Australia for freight and logistics to be unchallenged by 2050.

To assist you as Committee Members more easily digest the extensive Plan document as presented by the Government, the following provides an overview of key elements of relevance of the plan. A full copy of the Victorian Freight and Logistics Plan can be found on the [Committee for Melbourne website](#).

The Committee will continue to focus on raising discussion and debate around the long-term plans and visions for our city shaping infrastructure from both a spatial and productivity enhancing economic perspective.

I look forward to continuing to engage with you, our members, on this very important issue.

Best regards



Kate Roffey

CEO

The Victorian Freight and Logistics Plan – Overview of Key Objectives and Principles

Vision: “By 2050 Victoria’s position as the leading State in Australia for freight and logistics is unchallenged”

Goal: to maximise the contribution of the freight and logistics sector to Victoria’s productivity and liveability by:

- Planning for and delivering capacity at key freight gateways in a timely manner.
- Improving the efficiency and productivity of key freight network links.
- Ensuring future options are secured for key freight network developments.
- Progressively decentralising freight activities from central Melbourne to selected outer industrial areas.
- Protecting and enhancing access to markets for regional Victoria and adjoining catchments.

Plan principles:

- Maximise efficiency of freight movements on the transport network.
- Maximise the contribution of freight and logistics to overall economic performance.
- Ensure continuity of international and interstate gateway capacity.
- Ensure integration of freight and logistics activities with other land uses.
- Minimise impacts of freight and logistics activity on safety, amenity and the environment.
- Maximise affordability and private sector investment.

Container trade forecasts:

Significant growth is expected, with the total task forecast to grow to 11.2 million TEUs, a significant increase over the 2.58 million TEUs handled in 2011-12.

Victorian container trade forecasts, 2021–2046

Million TEU	2021	2031	2046
International	4.0	5.6	9.6
Mainland	0.2	0.3	0.4
Tasmania	0.5	0.7	1.2
Total	4.7	6.6	11.2

Note: Includes full and empty containers.

Source: Port of Melbourne Trade Forecasts 2010-2050 (Deloitte Access Economics, June 2011)

Regional freight task: forecast to grow faster than Melbourne’s tonne kilometre task up to 2046. Overall regional freight is set to increase by an average annual growth rate of 4.5 per cent.

Melbourne freight task: is almost entirely a road task at present and is forecast to increase from around 15 billion tonne kilometres in 2012 to around 33 billion tonne kilometres in 2046 (2.4 per cent average annual growth rate).

Total Victorian freight task by regional/metro (million tonnes per annum)

	2012	2021	2031	2046
Regional Victoria	38	41	51	68
Metropolitan	216	274	369	582
Unallocated	93	123	170	277
Total freight task	347	438	590	927

Source: Deloitte Access Economics

Freight Movement: metropolitan daily truck movement forecasts from the Department of Transport, Planning and Local Infrastructure’s Freight Movement Model (FMM) indicates that there are currently close to 300,000 truck trips generated per day around Melbourne. By 2046, the number of trips undertaken by heavy road freight vehicles within Melbourne is forecast to more than double, to nearly 650,000 movements a day.

Freight movement by truck type 2011–2046 (FMM 2012)

Type of vehicle	2011 – daily		2046 – daily	
	Freight truck trips	% of Total	Freight truck trips	% of Total
Rigid Bulk	192,087	66%	309,221	48%
Articulated Bulk	86,800	30%	272,473	42%
Rigid Containerised	191	< 1%	990	< 1%
Articulated Containerised	12,414	4%	66,212	10%
Total	291,492	100%	648,896	100%

CfM Note: the Committee has been very vocal in raising the need to accelerate our rate of infrastructure build. Quite clearly, our already stressed road network does not have the capacity to efficiently or effectively move the more than double tonnage freight task projected by 2046 without some major alterations and additions.

As discussed at the Committee’s freight and logistics forum, we must start to more realistically consider the role of rail as a primary mover of freight from dockside to distribution centre (and vice versa), at the very least, and start to plan and prioritise on a long-term basis, the interconnectedness of road, rail, freight and people movement. In line with planning and prioritisation, more work needs to be done around the consideration of funding mechanisms in addition to Government dollars, that can be implemented to accelerate our rate of build.

The VFLP acknowledges it will be vital to achieve an appropriate long-term balance in the roles of the different transport modes, whereby each mode is able to operate at optimum efficiency and contribute to the aspects of the freight task to which it is best suited.

The Plan also acknowledges the challenge of ensuring that existing road and rail networks are maintained to be ‘fit for purpose’ in the context of these growing demands from freight and other users.

The Role of Freight & Logistics in the Victorian Economy

Victoria has a traditional competitive advantage for freight and logistics as a result of our:

- South-east location that serves as a trade gateway for South Australia, southern NSW, Tasmania and New Zealand as well as our own needs.
- extensive areas of flat land around Melbourne suited to transport and warehousing.
- a well-trained and accessible labour market supporting a large manufacturing sector, combined with a strong agricultural sector providing the scale necessary for efficient freight and logistics operations.

The plan also notes there are a range of advantages open to influence through Government policy including:

- a legacy of well-planned land use allocations and transport corridor reservations.
- large parcels of relatively cheap industrial land supported by land release policies.
- efficient, well-located freight precincts with good transport network access.
- extensive, high-quality road networks.
- extensive regional rail network infrastructure, providing potential for efficient connection of primary products to ports and international markets.
- two curfew-free international airports.
- a large, efficient and accessible city port with shipping channels recently deepened to 14m.
- as-of-right access to around 99 per cent of the arterial road network for B-Double trucks.

Providing Freight Gateway Capacity

The Plan outlines a clear strategy for increasing port capacity to meet expected demand for containers, including investing in expanded capacity at the Port of Melbourne in the short term and by the mid-2020's, creating additional capacity at the Port of Hastings to service expected demand up to and beyond 2050. It is expected that before 2050 constraints will emerge on the ability of the Port of Melbourne to handle the larger ships expected to be operating at that time which could be accommodated at Hastings.

Air freight: is playing an increasing role in facilitating international and domestic trade, particularly for high-value, time-sensitive commodities such as fresh produce bound for the rapidly growing Asian markets.

Interstate gateways for domestic trade: an emphasis of the Plan is on ensuring that intermodal terminal capacity is provided to meet projected strong growth in the interstate rail task. The Plan notes that beyond 2020, a replacement facility will be required to accommodate interstate rail freight from the Dynon Rail Terminals. This presents the opportunity to develop a new Western Interstate Freight Terminal (WIFT) to the west of Melbourne, which could in turn allow the eventual creation of an interstate 'rail bypass' of central Melbourne to relieve road and rail congestion pressures on the inner parts of the transport network.

The Plan also notes that beyond 2040, the potential exists for another major interstate terminal to be established to the north of Melbourne.

Investing in new and enhanced network links for freight

Most of Victoria's freight task is carried on the road network. The Plan indicates that this will continue to be the case as the great majority of freight movement, particularly in urban areas, cannot be readily serviced by rail.

Completion of the current upgrade of the M80 will enable longer-term consideration of a North East Link to connect the Eastern Freeway to the M80 in the north, directly linking Melbourne's industrial areas in the south east, the Port of Hastings and Gippsland, with the Hume Freeway to the north.

In the longer term, progressive delivery of the Outer Metropolitan Ring (OMR) transport corridor will be required to service population and economic growth to the west and north of Melbourne and improve freight connections.

A priority under consideration in the Plan is to develop the South East Rail Link (SERL) proposal, which would provide a dedicated rail freight link between Dandenong and Dynon. The Plan indicates this proposal has the potential to resolve looming capacity constraints on the Dandenong Rail Corridor for both passenger and freight services, and to ensure that the new Port of Hastings can be effectively serviced by both broad and standard gauge rail.

The Government also believes there is potential for rail to play a role in the distribution of containerised port freight in the metropolitan area via the development of port rail shuttle operations as part of the Metropolitan Intermodal System (MIS) project.

2050 Freight Vision for the Future

The VFLP includes a 2050 Freight Vision for the Future. Some of the key elements of this Vision are:

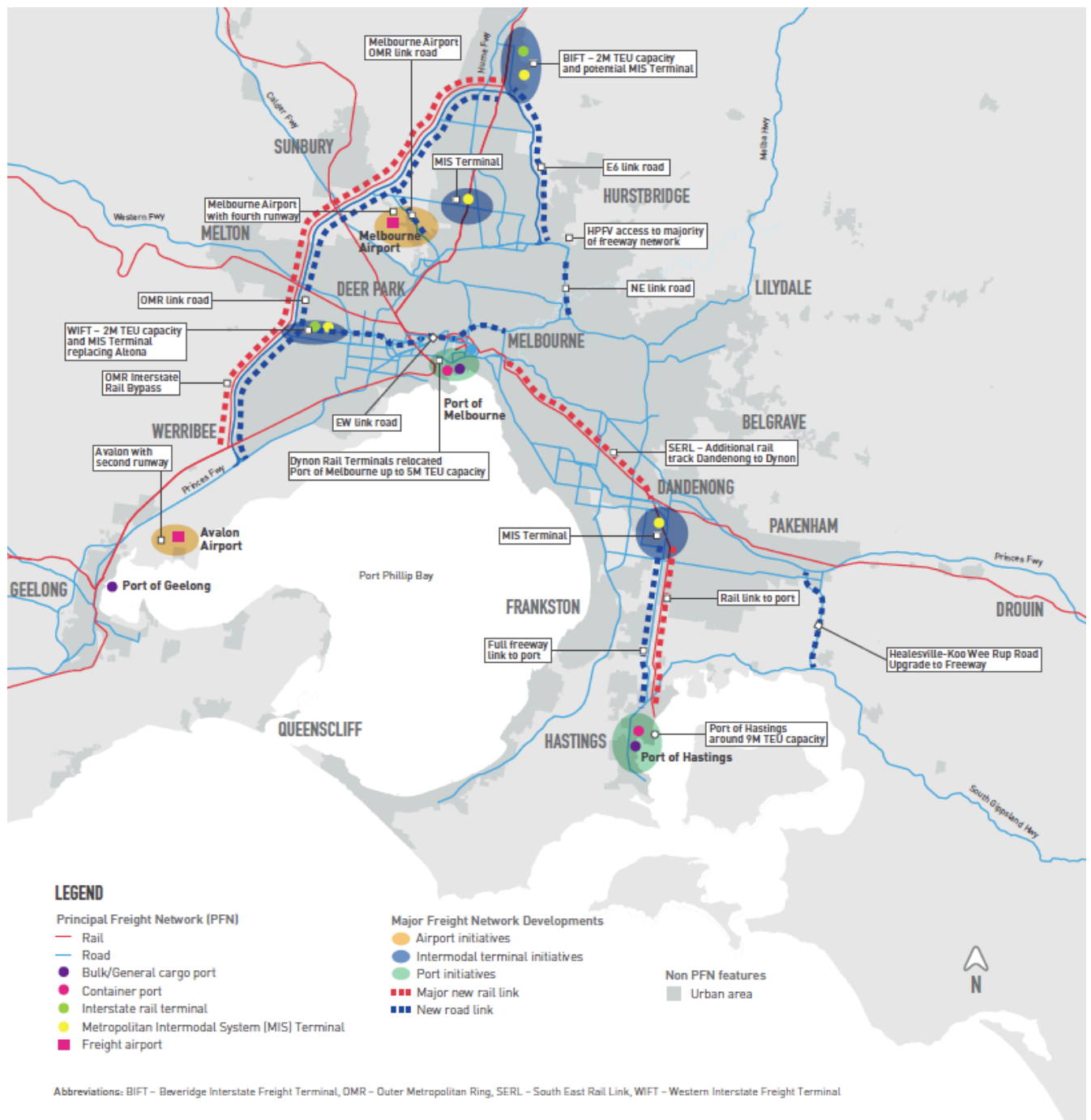
International gateways – ports and airports

In 2050 Victorian ports are now handling a record 11 million containers (TEU). As activity and development in the Central City zone has intensified, the location of the Port of Melbourne at the centre of Melbourne's transport network – a traditional advantage for freight – has also become an increasing challenge to the efficient functioning of land-side transport connections.

The Port of Hastings now has capacity for around nine million TEU, and additional trade handled through the Port of Melbourne. Reduced heavy freight activity in the Swanson-Dynon precinct has created opportunities for alternative uses of inner city land adjacent to the CBD.

Avalon Airport has developed as Melbourne's second major international airport, complementing Melbourne Airport. Although air freight is still handled at both locations, Avalon's potential as the preferred gateway for dedicated freight services is emerging due to its excellent land transport connections, land availability and accessibility for high value regional produce exports to the Asian markets. An appropriate site for a new airport to serve south-east Melbourne and Gippsland has also been identified and required planning protections for its development are in place.

Map 1: Long-term metropolitan freight network vision



Key network links – Rail

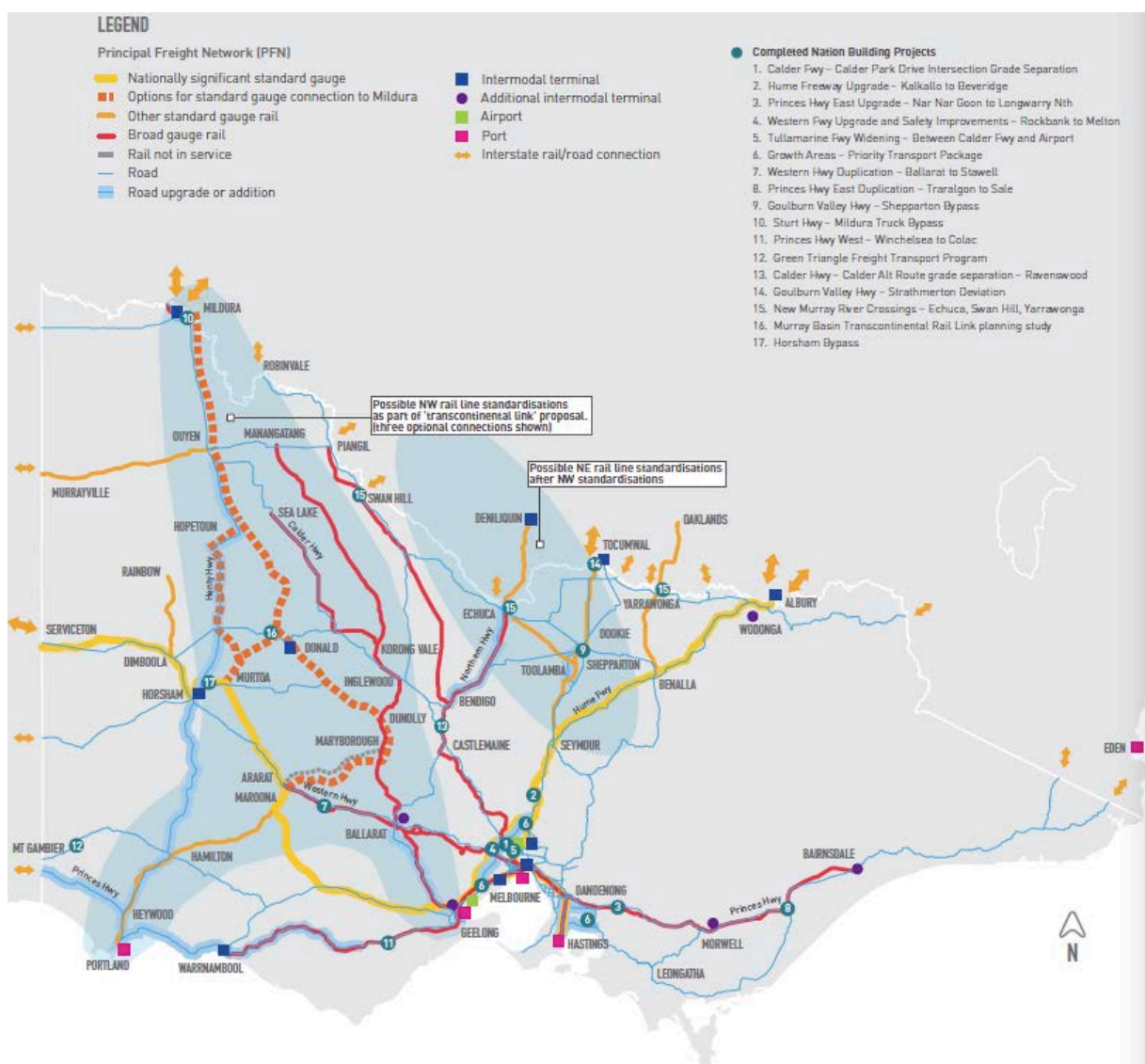
By 2050, although the road network will still be carrying the majority of the metropolitan freight task, rail is now playing a more significant role. Short, efficient container trains are shuttling freight from the main container port terminals to a well-established network of metropolitan intermodal terminals. These services are competitive with road for high volume movements and relieve pressure on key cross-city road links.

Metropolitan terminals to the south east are now serviced by the South Eastern Rail Link (SERL), creating a separate dedicated dual gauge freight connection between Dandenong, Dynon and the rail corridors to the north and west of the city.

The SERL is also providing the necessary capacity to service increasing demand for regional exports through the Port of Hastings and regional passenger services from Gippsland. A freight rail line connecting to the Port of Hastings has been constructed in the median of the Western Port Freeway.

A new rail line in the Outer Metropolitan Ring (OMR) corridor is under construction and, when complete, will provide a full bypass of central Melbourne for interstate freight. This will free capacity for other freight and passenger uses in the inner part of the rail network.

Map 2: Long-term regional freight network vision



VFLP Key Strategies & Actions

As part of the pathway to the vision, the following key strategies and actions are outlined in the Plan:

- Freight gateway capacity
- Better use of the freight network
- An efficient freight network
- Land use planning and protections
- Planning for efficient and sustainable urban freight movement
- Planning for efficient and sustainable regional freight movements

Included within each strategic area are a range of Key Directions. Some of the more relevant Directions are:

Freight gateway capacity

Ensuring port capacity for international containers:

Port of Melbourne: In 2011-12 the Port of Melbourne handled a record 2.58 million twenty foot equivalent container units (TEU), confirming it as Australia's largest container port. By 2050 it is estimated that demand for container handling at Victoria's ports will increase to over 11 million TEU.

Webb Dock: The Webb Dock project will be completed by 2016-17 and, once the Swanson Dock expansions are also completed, will contribute to a total estimated capacity of up to 5.1 million TEU at the Port of Melbourne. Based on trade growth projections, this will be sufficient to meet demand until the mid-2020s.

Port of Hastings: will handle growth in trade volumes up to and beyond 2050 and, once fully developed, will be the largest container port in Australia. A key advantage of the Port of Hastings from a waterside perspective will be its ability to accommodate 8,000+ TEU vessels with draughts of up to 16 metres, two metres deeper than that currently provided for at the Port of Melbourne, (and notably the draught depth that Port Botany and Brisbane are both planning to accommodate).

Between 2021 and 2026, it is forecast that vessels up to and above 8,000 TEU capacity, which could not currently be accommodated at the Port of Melbourne, would begin seeking access to Victorian ports. By 2036 the mean capacity of all international container vessels visiting Victoria is expected to be greater than 8,000 TEU and, by 2046, greater than 10,000 TEU.

The Plan lists the following as advantages of Hastings as a Port:

- it sits adjacent to over 3,000 hectares of land zoned for port-related use
- it has direct deep water access and is close to the major shipping lanes, allowing for reduced steaming times for ships compared to accessing the Port of Melbourne and limiting the length of approach channels to be dredged
- it is well positioned to serve key consumer markets and business/manufacturing areas to the south and east of Melbourne
- it is already an operating commercial trading port with existing sea and land-side infrastructure in place

CFM Note: after extensive discussion with a range of stakeholders, it is apparent that from a waterside perspective Hastings, with its deep water channel and relatively close proximity to The Heads, is a much easier option for development than a western location. By far the greatest challenge for Hastings as a Port option will be landside connections in the heavily populated and developed east. Many of the connectivity solutions (Western Port Highway and rail as a dockside to distribution centre shuttle service) are discussed in the paper, albeit without prioritisation or timeline markers, or associated potential costings or funding strategies. The key to success of Hastings will be completing these connectivity works in a timely manner to ensure the Port is functionally operable landside when it comes on line as a key distribution centre.

To ensure we meet our aim of being Australia's leading Freight and Logistics hub by 2050, the size and scope of the land connectivity task in the East must not be underestimated, and planning for this infrastructure build, along with consideration for means of funding such building, is essential.

Ensuring efficient bulk and break bulk port capacity: the Plan proposes to:

- work cooperatively with the private operators of the ports of Portland and Geelong to support their key role in servicing regional commodities, such as grain, woodchips, mineral sands and other products, and planning for additional capacity to service new or emerging trades as required
- effectively manage the emerging trend towards greater importation of refined petroleum product due to a reduction in onshore refining

Ensuring efficient interstate rail terminal capacity: The Plan notes the potential for rail volumes to grow significantly, particularly on the most freight intensive Melbourne-Sydney route. Strategies and actions outlined to ensure that Victoria has efficient interstate rail terminal capacity to 2050 and beyond include:

- facilitating reinvestment in the Dynon Tottenham precinct to efficiently meet interstate rail freight demand until the mid to late 2020's.
- completing a business case investigating potential land and rail corridor options for the Western Interstate Freight Terminal.
- developing time frame options for the staged relocation of interstate freight activities from the Dynon precinct.
- assessing the potential long term role of the Beveridge precinct as an interstate freight gateway and identifying land and transport access for future interstate rail freight facilities.

Ensuring adequate air freight capacity: The air freight task is expected to grow strongly in coming years. Although representing less than one per cent of import/export trade by volume, air freight accounts for over 20 per cent of trade by value. It is estimated that 368,000 tonnes of international and domestic air freight were moved through Melbourne Airport during 2010 and this task could at least quadruple by 2050.

Melbourne Airport handles more than 30 per cent of Australia's total air freight market and 36 per cent of the export market making Melbourne Australia's largest export airport in 2012.

The Plan rightly notes that delivering efficient road and rail connections to airports is a key, and the VFLP indicates that planning is proceeding for upgraded road access to Melbourne Airport, including widening of the Tullamarine Freeway and a long-term link to the Outer Metropolitan Ring Transport Corridor. Long-term planning is also being undertaken for the establishment of passenger rail links to service both airports. These links will benefit freight by relieving congestion on the key road connections.

CFM Note: As part of our response to the draft Metropolitan Planning Strategy (MPS), the Committee raised the important role our airports play in the freight task.

While the Victorian airfreight sector comprises a relatively small proportion of the overall Victorian freight sector in terms of tonnage, it represents up to a quarter of all freight by value, and in January 2013, Melbourne Airport handled a record 43 per cent of all Australian air freight exports in January, or more than 12,700 tonnes in volume.

While the capacity of aircraft to carry freight in terms of volume on a per trip basis is considerably less than an ocean going container ship, the value of air freight in terms of time in transit is significant. This is highlighted by the fact that perishable items that cannot be carried via shipping modes accounts for around one-quarter of all our valuable dollar-generating exports. Currently, around 85 per cent of air freight is carried in the belly of passenger aircraft, however as the export demand for our perishable products continues to grow, the number of dedicated freighter aircraft operating, particularly to export meat to the Middle East is increasing.

Although the importance of Melbourne airport may tend to sneak under the radar in terms of size and scale in comparison to our Port, the economic value generated through airfreight movement is significant.

To secure the future of our air-freight service the MPS must protect the curfew free status of the airport, and ensure that relevant land reservations adjacent to the airport are identified and protected to guarantee the ongoing growth and development of our airport.

Better Use of Freight Networks

Larger, safer, more productive trucks: Currently, road vehicles carry an estimated 84 per cent of Victoria's total land freight task in terms of tonne kilometres.

Over the past two decades, Victoria has led the nation with the introduction of larger B-Double combination trucks, which now have access to 99 per cent of the State's arterial road network. The ability to deploy these larger vehicles has generated significant productivity benefits for freight operators and their customers and has reduced the total number of freight trips required on the transport network.

Whilst High Productivity Freight Vehicles (HPFVs) are likely to be used on freeways and major highways, the Plan notes that they will supplement, but not replace, current vehicle types such as rigid, articulated and B-Double trucks.

Cubic HPFV: Because no increase in truck mass is required for 'cubic HPFVs', their introduction does not require costly upgrades to road pavements and bridges. The Government recently announced

the implementation of a ‘Cubic Freight Network’ for longer vehicles up to 30 metres operating within metropolitan Melbourne, and up to 36.5 metres for vehicles operating in regional Victoria.

Using spare overnight network capacity: The SmartRoads framework identifies significant unused capacity on preferred traffic routes at night, and some operators have already begun to take advantage of this capacity. For example, approximately 50 per cent of containers are currently moved in and out of the Port of Melbourne to staging depots after hours and at night, although these depots are typically close to the Port and the subsequent longer trip to the customer usually occurs on more congested routes in the daytime.

The Plan indicates modeling shows that shifting ten per cent of daytime freight movements to overnight could reduce weekday vehicle hours travelled on the network by approximately seven per cent. This would translate to potential benefits for industry, which could be expected to flow through to customers, of \$7.4 billion (in 2012 dollar terms) up to 2050. Currently, however, the costs that would be involved in achieving such a shift is not well understood and there are a range of barriers to overcome, for example many freight customers find it expensive to have personnel available at night to receive or dispatch consignments.

Another approach outlined in the Plan would be to utilise a network of 24/7 Metropolitan Intermodal System (MIS) suburban terminals to allow bulk overnight container shuttle movements over the road or rail networks, with the local pick up or delivery movement being undertaken at a time that suits the customer. Some customers may find it convenient to locate their premises in a freight and logistics precinct adjacent to the MIS suburban terminal, eliminating the local pick-up and delivery movement altogether.

CfM Note: Maximising freight efficiency is essential to improving our freight related productivity and in planning for the state’s freight future, it is important first and foremost that existing assets and processes are efficiently used and fully utilised. Whilst the cost of providing for ongoing and future maintenance of existing freight assets must not be underestimated and will require significant future investment, it is highly likely that the return on investment in improving the efficiency of our existing assets will ensure these investments are well worthwhile. As a matter of priority therefore, we must seek solutions to achieve both better use and efficiencies of the freight network

Efficient Freight Network Links

An efficient road freight network: The efficiency of the road network for freight is threatened by increasing road congestion, largely driven by growing private car travel demand. Private car travel occupies the greatest proportion of road space on most parts of the network. Increasing congestion on inner Melbourne roads has been managed over the last decade through a shift from road to rail for commuter access.

Total Road Task (million net tonne kilometres)

Year	Interstate	Metro	Regional	Total
2012	22,996	14,751	6,815	44,562
2021	34,133	18,987	9,724	62,844
2031	49,742	23,963	17,278	90,983

2046	60,964	32,814	40,818	134,596
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In the future, it will be critical to continue to develop the public transport network to ensure that it remains an attractive alternative to road transport. This will have positive impacts for freight, which will benefit from reduced congestion.

An increased role for rail freight: Rail’s current share of Victoria’s total land freight task in tonnes carried is approximately three per cent, although it rises to 16 per cent when measured in Net Tonne Kilometres (NTK). The contestable freight market for which rail could compete with road is generally considered to be around 15-20 per cent in tonnes overall, although this varies across different market segments.

Total Rail Task (million net tonne kilometres)

Year	Interstate	Regional	Total
2012	4,796	3,610	8,406
2021	7,700	4,363	12,063
2031	12,161	4,837	16,998
2046	14,810	5,970	20,780

South Eastern Rail Link (SERL): The Government plans to give priority to investigating provision of a SERL to provide a dual (broad and standard) gauge track between Dynon and Dandenong, operating independently of metropolitan passenger rail services. This will significantly expand capacity for freight and V/Line passenger trains on the Dandenong Rail Corridor. Subject to completion of a further southerly rail link, currently planned to be located in the Western Port Highway corridor, it will also provide for the connection of the Port of Hastings to key export markets in regional Victoria and southern NSW.

The Plan notes a prerequisite for the SERL is completion of the Melbourne Metro rail tunnel, which will free up surface track capacity on the existing rail network for freight and regional passenger services travelling into and through the centre of Melbourne.

CfM Note: the Committee identified an increased role for rail in the freight task as a primary key to our freight efficiency future. An improved public transport system to more efficiently move people is also essential to limiting road congestion.

Freight and passenger rail must be independently developed if true efficiencies for both are to be realised. Many of the current rail freight movements around greater Melbourne are highly inefficient due to the long wait freight trains experience as they are required to make way for passenger services that share the same line. In these cases it is very difficult to make the case for rail freight to stack up economically.

When the opportunity arises, however, for freight rail to have dedicated lines to operate on in a true shuttle style capacity, the returns on investment are much greater. Whilst it is important to consider both better use of, and improved efficiencies, across the road freight network (considering that road currently accounts for 97% of land based freight task in the state, and going forward, will almost certainly continue to account for a significant portion of the workload), in order to move freight more efficiently in the long term, it is important to continue to develop a more diverse freight network mix.

An increased role for rail freight is a key component of this mix and offers significant opportunities for ensuring the efficient delivery of freight from dockside to distribution centre.

The VFLP outlines a range of strategies and actions for an increased role for rail freight, including:

1. preserving a corridor for appropriate rail connections to the Port of Hastings, including consideration of a potential direct connection to Gippsland
2. progressing investigations and a business case for a South Eastern Rail Link (SERL), to be delivered in conjunction with the Melbourne Metro project, to provide a dedicated rail freight link between Dandenong and Dynon
3. encouraging the initiation of port rail shuttle operations by the private sector under the Metropolitan Intermodal System (MIS) project

CfM note: CfM has been raising the debate around funding and financing of major public infrastructure, in particular the Melbourne Metro train project – the generational change key necessary to turn our existing ‘urban’ rail network into a genuine ‘metropolitan’ commuter system - as part of our Moving Melbourne publication. Despite acknowledging the Melbourne Metro project as an essential link in the plan for urban rail development and for freeing up congestion on our roads, as yet there is no concrete plan identifying timeframe and funding mechanisms for its development.

CfM is continuing to work on exploring innovative mechanisms which can be implemented to both prioritise and timeline construction, as well as funding and financing mechanisms that can be introduced as a means of supplementing Government funds in order to accelerate our rate of build of major city-shaping infrastructure projects.

An efficient intermodal terminal network: Intermodal terminals enable freight to be transferred from one mode of transport to another. Strategies and actions for the development of an efficient intermodal terminal network include:

- supporting development of the Metropolitan Intermodal System (MIS), including planning for and providing freight network infrastructure and connections necessary for the efficient and effective operation of MIS rail and road shuttle services
- prepare a vision and practical strategy for the cost-effective development of the intermodal terminal network in regional Victoria.

Land Use Planning Protections

Planning to protect existing freight operations: Maintaining curfew-free access for existing freight infrastructure is essential. The Plan identifies a more consistent and informed approach to land use planning as an essential requirement to ensure that sensitive land uses are not located or designed in such a way that would expose people to unacceptable amenity impacts.

Identifying and protecting future freight precincts and corridors: Identify and, where necessary, protect corridors that will help provide a reliable transport network over the medium to long term. This long-term planning approach is critical to underpin national as well as state economic competitiveness. The Plan notes that there “are gaps in guidance material and referral provisions for freight planning in the Victoria Planning Provisions”.

CfM Note: In our Melbourne Beyond 5 Million reports and MPS response, the Committee has stressed the importance of improving integration between both land-use and transport planning as an enabler for sustainable growth. Integration between both the Freight Plan and the emerging Metropolitan Planning Strategy (MPS) is therefore a key priority in order to safeguard key freight corridors and develop strategically important freight precincts. The VFLP notes that the Government will ensure that significant precincts and corridors required to provide future freight capacity to 2050 and beyond are protected.

Whilst the acknowledged relationship with the MPS is of vital importance, it is also of practical importance to ensure that the freight requirements of the plan are embedded within planning schemes in order that local decisions do not compromise wider strategic benefits. For example, the emerging New South Wales Freights and Ports Strategy identifies the strategic action of ‘Embedding freight requirements in planning schemes’.³

Planning For Efficient and Sustainable Urban Freight Movements

Managing freight delivery in urban areas: The Plan notes that a recently completed Government study into the makeup and purpose of freight movements within the metropolitan area showed that as much as 19 per cent of all traffic on Melbourne’s roads are commercial vehicles – 11.5 per cent light commercial vehicles and 7.5 per cent trucks, with 85% of heavy trucks carrying freight.

As an example of innovation, reference to a Dutch urban consolidation centre concept called Binnenstadservice (BSS) is made. The BSS scheme differs from other consolidation centre-based initiatives by focusing on receivers rather than on carriers with carriers delivering the goods to the BSS not the retailer. After the first year a reduction of five per cent of truck kilometres and seven per cent of truck stops was realised.

By bundling the deliveries from multiple suppliers for the store owner and delivering the goods at the time the retailer wishes, BSS offers a service that saves the store owners time and money. Retailers can purchase extra services at BSS, such as storage, so that retailers no longer have to use their shop to store goods or rent storage space elsewhere.

Planning for efficient and sustainable regional freight movements

Network maintenance issues: A common concern reported by regional freight stakeholders is the impact of deterioration of many parts of the road freight network relied on by producers and businesses for the efficient movement of freight with some transport companies reporting an increase in fleet maintenance costs of up to 50 per cent over the last five years due to damage from degrading roads.

³ Draft, New South Wales Freight and Ports Strategy, November 2012

The development and implementation of consistent, targeted road maintenance programs is a critical priority to ensure appropriate levels of service for the freight industry and that the network remains 'fit for purpose'.

Efficient access for regional produce to international and domestic markets: The majority of product from regional Victoria is either;

- exported through the ports of Melbourne, Geelong and Portland;
- is staged through Melbourne for interstate export; or
- is consumed in Melbourne.

Melbourne Airport also plays an important role handling high-value, time-sensitive regional produce exports.

Already trains and trucks accessing destinations in Melbourne get caught in congestion, causing significant delays and affecting driver hours and shift productivity. Enhancing the reliability and turnaround times for rail movements into the Port of Melbourne needs to be a key focus.

CfM Note: summary, the VFLP sets out an appropriate and necessary long term vision for the Victorian Freight sector. A number of strategically important developments identified in the plan are by their nature long-term projects, and thus it is only appropriate that there is an accompanying long term vision to support them.

Victoria is leading the way in developing a long-term freight strategy, and whilst other states and territories are at various stages of development, the VFLP is the first to be released. By leading other states in preparation of a planned freight vision, Victoria sits at a distinct and comparative advantage to inter-state competition. However it is vitally important momentum is maintained in order that Victoria continues to remain ahead of the field throughout the next application phase of putting the plan into practice.

The Plan identifies and prioritises a number of important measures which have been previously identified by the Committee including the protection of key corridors and precincts, increasing the role of rail, and improving modes of efficiency.

The ultimate measure of success for the Plan however, will lie in the success of delivery against the Plan's proposals.

As the Committee continues to identify, the key issues of prioritisation and time-lining of infrastructure development, and associated procurement of additional funding for the delivery of identified works projects, remains an outstanding, and as yet still largely unaddressed, challenge. The Committee has been very clear in acknowledging how significant a shift in thinking is required to move to long-term independent prioritisation of projects based on a genuine productivity building basis, and the need to consider more user-pays style funding options. As we have identified in our Moving Melbourne work however, there are a number of innovative examples of both being used in Australia and overseas, and we need to look to these examples with a conviction and willingness to move forward.