1. It is noted that the present inquiry is mainly concerned with local government. One burden to local government in Victoria is that of having to incur additional expense in maintaining local roads to accommodate trucks permitted to carry heavier loads by the Australian and Victorian governments.

2. The 2002 submission cited above notes also the issue of converting broad gauge rail track to standard gauge. In 1995, there was a question as to the Victorian broad gauge grain lines that serve Portland. After detailed analysis, it was decided to convert these tracks to standard gauge at a cost of some $25 million. This cost was appreciably less than line closure and diversion of bulk freight to road at a cost of $30 million up front and maintenance costs of $2.5 million a year.

The question of residual gauge standardization of freight lines in Victoria, and the costs imposed on the Victorian economy, of having broad gauge for freight lines is a good one. Such gauge standardization was under active consideration in the late 1990s and was one of the casualties of the sale and lease arrangements of much of the Victorian railways entered into in 1999.
Subsequently, Victoria's below rail assets including a track lease (acquired from Freight Australia in 2004) was transferred, at some expense, from Pacific National in 2007 back to the Victorian government.

In the meantime, the continuing reliance on a mix of broad and standard gauge for rail freight in Victoria is a factor in driving up transport costs and a factor that puts more "loads on roads" with high external costs.

3. External costs are required as part of the AusLink project assessment in the *National Guidelines for Transport System Management In Australia* (released in 2004 and updated in 2006) by the Australian Transport Council (ATC).

As recommended by the ATC, their default values for the various external costs (suitably indexed for inflation) or more project specific values should be used.

External costs are treated at some length by the October 2011 report *Review of Access Pricing for the NSW Grain Line Network* of the Independent Pricing and Regulatory Tribunal of New South Wales. This report notes five costs (noise, air, greenhouse, congestion and road accidents) from earlier reports. It is suggested that each of these costs, together with road system costs (including unrecovered costs from heavy vehicle operations and particularly those on roads of light construction) need to be addressed.

Various authorities have said that it is better to try and minimize external costs via appropriate conditions. This includes improving road safety and one way to do improve road safety is to have a more efficient and productive rail freight system.

4. On 30 May 2008, it was announced that joint Federal/ARTC/ Victorian $501 million North-East Rail Revitalisation Project would proceed along with a 45-year lease of standard gauge track to the ARTC. The project includes upgrading the standard-gauge line between Melbourne and Seymour including new passing loops, and the upgrading and conversion of 200-km of broad gauge track between Seymour and Albury to standard gauge. The aim is to build: "...an interstate rail freight super-highway and deliver major passenger rail service improvements ..."

Quite simply, this aim has not been achieved. Only recently was it conceded that more work is needed to even get the new standard gauge ARTC Western Line up to standard. For more information, see the article V/Line admits defeat: How to run on
time? Border Mail, Albury-Wodonga 01 September 2012; also the member for Benalla, Mr Bill Sykes, MP was quoted as saying that it could be two years before the trackwork to fix the problems causing the delays was completed.

5. A much happier story is that of Victoria’s Regional Fast Rail (RFR) project. RFR was one of three projects designed to provide better trains between Melbourne and four key regional areas (Ballarat, Bendigo, Geelong and Latrobe Valley) as part of the Bracks Government’s *Linking Victoria* strategy: the other two being a new Southern Cross rail and coach terminal replacing Spencer Street station and procurement of 38 (initially 29) two car ‘V/Locity’ DMU sets (and later three car sets).

Although the scope of work did not extend to either gauge convertible sleepers or retaining double track all the way to Bendigo, some 500 route km of track were upgraded to modern standards with heavier rail and extensive resleepering (over 460,000 concrete sleepers were laid) and new signalling systems. The most notable part of the RFR track upgrades was an 8.2 km deviation bypassing the curves at Bungaree east of Ballarat. The deviation included two of Australia’s largest rail bridges, spanning Lal Lal Creek (363 metres) and Moorabool River (270 metres).

The track and signalling upgrades on all four corridors were completed by early 2006 and the new trains were then tested. The new and faster trains have been very well received by the travelling public.

6. In 2009, a joint proposal was made for a Horsham Bypass with a rail deviation of some 28 km is proposed between two locations: Jung and near Wail; a distance of 43.7km. As well as reducing point to point distance by some 17km, the deviation with easy ruling grades and curvature save transit time and fuel use. It is understood that this and a similar proposal has received attention by the ARTC and Horsham Council.

7. It is trusted that the above observations, and accompanying older submissions, may be of interest to the Committee. I would be pleased to provide further information on request.

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6 September 2012