

Habitat Melbourne Trust

Patrons: Sir Ninian Stephen and Ross Mellor
Chairman: Prof Allan Rodger
Secretary: Ken King
Board Members: Stephen Axford, Stan Cox, Fred Maddern
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The Hon. Daniel Andrews MP.

Premier of Victoria,
Parliament House,
Melbourne.

24th August 2015

Dear Mr Premier,

I write again as Chairman of the Habitat Trust. Previously (8th January 2015) I sent you the Trust's proposal for the establishment of a smart, stand-alone Primary Freight system connecting the docks to Inland Ports. Recognising that the development and implementation of such a system would inevitably take ten years or more the Trust turned its attention to identifying what might serve in the short and medium term. As a result it suggested that the system being advanced by Salta and Austrak using the existing rail system to connect to three existing inland ports would serve this purpose well. This was the subject of our submission to you (25th June 2015).

Since then we have developed a document comparing that Salta/Austrak proposal with the two other propositions currently being considered for moving freight to and from the waterfront: the West Gate Distributor and the Western Distributor. A copy of our assessment is attached.

As you will see we come to no conclusion on the merits of either the West Gate Distributor or the Western Distributor proposals other than identifying the need to increase the connectivity services (road, light rail, rail, etc.) of the western and northern suburbs that lie between the Geelong Road and the Tullamarine Freeway/CityLink to and across the centre of Melbourne. What we do conclude, however, is that there is an incontrovertible case for your Government to act now to authorise, and facilitate the relevant implementation processes for, the Salta/Austrak proposal so as to have it operating before the end of 2016.

As we have previously kept several of your Cabinet colleagues informed I will copy this latest communication and its attachment to them.

Yours Sincerely,

**Comparison and Evaluation of proposals for:
a) Inland Ports and Rail Freight, and,
b) Westgate Distributor (State Government) or
Western Distributor (Transurban) ©.**

The Habitat Melbourne Trust is firmly of the opinion that the strategic role of Greater Melbourne as the major logistics hub and service centre for a four-state hinterland stretching deep into South Australia, New South Wales plus all of Tasmania and Victoria is best served by a smart dedicated Primary Freight system that connects the waterside to a series of Inland Ports. It also recognises that such a system would take some time – perhaps ten to fifteen years - to develop, test and implement. In the meantime there is an urgent need to serve the present and increasing demands while also increasing efficiency, reducing congestion and improving the environmental quality. This applies particularly in the main Primary Freight corridors between the Port of Melbourne and the Inland Ports but also more widely across the Metropolitan area.

It is against this background that Habitat recognises the merits of adopting the Salta and Austrak proposals for Inland Ports in Altona, Somerton and Dandenong served by specialised freight trains running on existing lines to and from the Port of Melbourne.

Following recent publicity about this proposal it becomes appropriate to undertake a comparison between that Salta/ Austrak proposition and two road propositions related to the Port of Melbourne. These are the West Gate Distributor road project initially advanced by the State Government and the

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Western Distributor now being advanced by Transurban. The rail-based and road-based approaches are remarkably different in their form, their costs and outcomes. They are also all available for detailed consideration and decision making at the same time.

It must be recognised that the road and rail based propositions are not directly equivalent one to the other. The Salta/ Austrak proposal operates across the metropolitan area while the West Gate and Western Distributor can contribute only to the traffic flows over and around the West Gate Bridge and the west-east-west traffic demands generally along the Geelong corridor. The former focuses exclusively on freight and in particular containerised freight whereas the two Distributor propositions relate to many (but not all) types of road based traffic along a particularly corridor.

Despite these significant differences in approach and potential outcomes the current situation requires prompt action to serve the short-term, long-term and strategic roles of the Melbourne logistics industry. As such it is a strategically important national enterprise and one that has far reaching significance for the short, medium and long-term future of the country.

The following table sets out an initial comparison between the various propositions currently under consideration.

	Assessment Criteria	Inland Ports + Rail Freight (IP+RF)	Western/Westgate Distributor (W/WD)	Evaluation	Rating IP+RT-W/WT
1	Cost of project	\$58 Million of State and Commonwealth government funds already assigned. All other costs are to be borne by Salta, Austrak and others.	Current estimated cost is \$1.1B or \$5.5B respectively plus accruing interest over, say, 25 years.	Initial costs of W/WD are about 30 to 100 times those of IP+RF	✓✓✓- XXX
2	Source of funding	All costs for the inland ports and the new rolling stock are already committed by the private operators.	Funding is required from the public sector and toll charges over an undefined period (say 25 years).	Funding for the West Gate Distributor is not defined. Funding for the Western Distributor is by the private sector via tolls on extended franchise. The IP+RT is almost exclusively funded by the private sector.	✓✓✓- ✓
3	Availability	One year from the date of a State Government commitment.	Four to five years pending evaluation and decisions in December 2015. There are also uncertainties related to construction and particularly tunnelling below river level.	Assured start in one year for IP+RF against uncertain start in 4 - 5 years for W/WD.	✓✓✓- XXX
4	Land use	Relocates temporary storage of containers in transit between ship and warehouse from high value land in the central city to lower value land in the outer suburbs.	No significant effect on land usage	IP+RF offers significant new opportunities for major new inner city development	✓✓✓- Nil
5	Performance: Port operations	Creates significant improvement in the efficiency of freight handling activities on the dock and reduces	By improving road access to and from the docks vehicle congestion	IP+RF has a direct beneficial effect on the operation of the docks. W/WD can be expected to	✓✓✓- ✓

	Assessment Criteria	Inland Ports + Rail Freight (IP+RF)	Western/Westgate Distributor (W/WD)	Evaluation	Rating IP+RT-W/WT
		the time from ship to final delivery.	and waiting time within the docks may be reduced.	improve internal and external congestion but it does not change the operation of the docks.	
6	Performance: Road	Removes from the road system a significant proportion of Primary Freight between POM and Inland Ports.	Does not alter the amount of road traffic in the business-as-usual (BAU) scenario. Because the Western Distributor uses a tunnel it is not available for some cargoes.	IP+RF significantly out performs the W/WD in improving the road system.	✓✓✓- X??
7	Atmospheric pollution, CO2 and NOX	There is to be one locomotive for every 40 twenty foot containers (TEU's) moving on rail. (ie 2 for the designated 80 TEU freight train).	Typically there is one prime mover for 2 to 4 TEU's moving on roads.	IP+RF provides significantly better environmental performance than W/WD.	✓✓- XXX
8	Particulates	There is a substantial reduction in the fuel used and the emission of particulates.	There is no change in the emission of particulates from BAU	IP+RF provides better environmental performance than W/WD	✓✓- XXX
9	Disruption during implementation	There would be virtually no disruption to existing systems.	There is some disruption arising from the construction of additional lanes on the West Gate Freeway and from forming connections to the Western Distributor.	IP + RF is very much less disruptive during construction and implementation than W/WD	✓✓✓- XX
10	Operational benefits	Reduction in operating costs. Release of inner city land. Reduction of traffic and load on West Gate Bridge. Reduced road traffic on all corridors between POM and Inland Ports.	Increased reliability of the local part of the road system. Some reduction of traffic and load on Westgate Bridge if tolls are applied. Increased operating costs to users. No wider benefits.	All the benefits rest with the IP + RF proposition	✓✓✓- XXX

	Assessment Criteria	Inland Ports + Rail Freight (IP+RF)	Western/Westgate Distributor (W/WD)	Evaluation	Rating IP+RT-W/WT
11	Capacity for extension	Can readily be extended to include additional Inland Ports.	Not applicable.	IP + RF is readily extendible as a system while W/WD is not.	✓✓✓- Nil
12	Reliability	Rail capacity to the east and north is constrained by passenger traffic that may increase. There are few capacity constraints to the west.	Typically roads are free of congestion for a limited period. Major new roads typically increase traffic loads elsewhere and lead to an overall increase in road traffic.	For IP+RF there may be future problems of access to rail in the east and north corridors. In future, congestion is likely to build up on the W/WD projects.	✓- ✗
13	Dependence on fossil fuel and potential for conversion to renewable energy	Dependent on fossil fuels in first instance but could be converted to electric power on north and east routes that are already electrified. In the longer term additional electrification of lines could extend this to the west. At a later stage this could be converted to a renewable energy source.	Wholly dependent on fossil fuels with no option for conversion to electricity	Strategically the IP+RF systems is much more capable of continuing to operate in a carbon-constrained future. This improves the medium and long-term resilience of the logistics industry serving four states of south and east Australia	✓✓- ✗✗
14	Health	Significant improvements can be expected along all the urban corridors between the Inland Ports and the POM through improved air quality, reduced urban congestion and social isolation	Current situation is bad. There will be no change to overall health from W/WD i.e. as in BAU	Reducing fossil fuel use improves social and environmental health in many ways.	✓✓✓- Nil
15	Metropolitan structure	Supports distributed urban development to south-west, north and south-east.	Focuses urban development in south-west Geelong corridor.	IP+RF supports development across the urban area where as W/WD will lead to further concentration in an already crowded corridor.	✓✓✓- ✗✗✗

	Assessment Criteria	Inland Ports + Rail Freight (IP+RF)	Western/Westgate Distributor (W/WD)	Evaluation	Rating IP+RT-W/WT
16	Border Security	IP+RF provides for rapid, on-rail, gamma-ray scanning of all containers.	No change. (Currently 2-5% are scanned in a time-consuming process.)	IP+RF provides opportunity for a significant improvement in Border Security	✓✓✓- Nil

©

Relative Merit of the Proposals

✓✓✓ Very Good

✓✓ Good

✓ Fairly Good

✗ Not Good

✗✗ Bad

✗✗✗ Very Bad

Note. The comparison is made on an overall basis. There will be different impacts in different areas and correspondingly individuals will experience different effects depending on their location.

Assessment

On the various criteria used in the comparison chart the Salta/ Austrak proposition for using Rail Freight on existing lines to connect the waterside to three Inland Ports is persuasive. It clearly identifies the potential of the Salta/ Austrak proposition to deliver a wide range of clearly identifiable benefits, many of which are already quantified or could be quantified. It

also delivers several outcomes that, though not directly quantifiable, have significant local and national strategic significance.

The potential benefits and dis-benefits of the West Gate Distributor and Western Distributor propositions are much less well defined and correspondingly so are the potential outcomes – good and bad.

Conclusions

Though this comparison and assessment deals with various propositions that are not directly comparable there are irrefutable benefits attributable to the Salta/ Austrak proposition. In the short to medium term these clearly outweigh any potential benefits from the West Gate Distributor and Western Distributor propositions. This is not to argue that the general idea of the West Gate Distributor and Western Distributor propositions have no

role in the future. Indeed, there appears to be a persuasive case for increasing the connectivity services (road, light rail, rail, etc.) of the western and northern suburbs that lie between the Geelong Road and the Tullamarine Freeway/CityLink to and across the centre of Melbourne. That remains to be clearly articulated.

Recommendation

The Habitat Trust recommends:

- 1. That the State Government should now approve the Salta/Austrak proposition and facilitate its implementation for operation by the end of 2016.**
- 2. That the case for increasing the connectivity services (road, light rail, rail, etc.) of the western suburbs to and across the centre of Melbourne should be vigorously pursued and a practical resolution clearly articulated.**

Allan Rodger, Chair, The Habitat Melbourne Trust, 19th August 2015