



Victorian
Farmers
Federation

Submission to the Victorian Freight Strategy Refresh

Victorian Government

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I. Introduction

The VFF appreciates the opportunity to make this submission to the Refresh of the Victorian Freight Strategy and to have been invited to participate in the Industry Stakeholder Reference Group.

Agriculture is a vital element of the Victorian economy providing employment and generating wealth for the state. In 2021-22, approximately 154,000 people were directly employed in primary production and food and beverage production. Many more people were employed indirectly because of this economic activity.

In terms of generating export income, Victoria's food and fibre exports were valued at \$19.5 billion in 2022-23. This makes Victoria Australia's largest food and fibre exporter by value, accounting 24% of the national total. The sector is Victoria's largest exporter by value.

To continue to supply well priced, high-quality products to the domestic market, and remain globally competitive, Victoria's thriving agriculture industry requires an integrated, long-term vision for improving the efficient movement of food and fibre.

According to CSIRO TranSIT modelling, total annual transport costs the agricultural industry \$5.8 billion each year, with supply chains costs often accounting for the single largest cost in agricultural production. This modelling was undertaken in 2017 and so the costs imposed on the agricultural sector in 2024 are likely to be much higher. High transport costs have a direct impact on of Victorian farmers and threaten the global competitiveness of Australian agriculture.

The Victorian Government's *Strong, Innovative, Sustainable: A new strategy for agriculture in Victoria, 2020* goes further in setting a target for Victoria's food and fibre exports to reach \$20 billion by 2030. This target is within reach, but we can go further and generate bigger improvement in employment and generate more income and economic activity for Victorians.

Improving the capability of the state's agricultural freight network is critical to achieving these objectives. To achieve this outcome, the VFF recommends that the refreshed freight strategy:

- Outlines a comprehensive road maintenance plan for Victoria
- Provides a program of targeted investment in key bridges on strategic freight corridors
- Describe how local governments will be supported to improve and maintain local roads
- Provides a program of funding to maintain and improve the rail network
- Identifies opportunities to resolve line conflict between passenger and freight rail
- Advance the standardisation of rail lines in Victoria and progress the completion of the Murray Basin Rail Project
- Outline initiatives to constrain port costs and ensure the competitiveness of Victorian ports
- Outline mechanisms to address congestion entering the port and outline initiatives to address last mile access to critical infrastructure connecting the port
- Ensure planning protections are in place to prevent encroachment into port land and inappropriate development affecting future port expansion and development
- Describe a program of regulatory reforms aimed at facilitating greater use of high productivity freight vehicles.
- Investigate options to improve responses to environmental management when it impacts on road maintenance.

- Investigate actions that can mitigate transport related biosecurity risks faced by the agricultural sector.
- Commit to publishing periodic updates on progress to implementing the actions described in the plan.

Agriculture must be a central pillar of any strategy and plan for freight across Victoria. The key priorities and actions outlined in this submission are critical to achieving positive outcomes for food and fibre production and its important place in the Victorian economy.



Emma Germano
President
Victorian Farmers Federation

II. Discussion

Guiding principles

The VFF's priorities are based on a set of guiding principles, which focus on identifying improvements in the transport system which improve system productivity, assist with decarbonisation, enhance safety, build resilience, and encourage private investment.

- **System-wide productivity** – the freight network needs to operate as seamlessly and as efficiently as possible across transport modes to move freight from origin to destination. Achieving the highest possible level of system-wide productivity involves an adequately funded and resourced transport system, quick and efficient intermodal transfers, and a supporting regulatory framework. It also involves balancing the needs of commuters and freight movements on the transport network.
- **Safety** – the freight transport system should be as safe as possible for those working in the system, using it and the community.
- **Resilience** – the freight system needs to be able to withstand, as much as possible, and recover as quickly as possible from adverse events such as fire and flood. Extreme weather events are becoming more common.
- **Encourage private investment** - the Victorian Government has a role in setting the regulatory environment which can support and provide incentives for private sector investment in the transport system.
- **Decarbonisation** - given the long distances agriculture freight typically must travel, achieving a substantial reduction in agricultural freight transport sector emissions will require a strategic framework to enable the greater movement of freight by rail, as well as the adoption of high productivity vehicles and emerging low emission technologies. The focus needs to be on providing incentives to use lower emissions and more productive modes of transport.

VFF priorities for a refreshed Victorian Freight Strategy

The VFF believes that in the absence of a stand-alone Agricultural Freight Strategy, the refreshed freight strategy should include an explicit section on the needs of the agricultural sector and discussion of how the plan will address these needs.

The revised plan will be less effective if it is simply seen as a blueprint for more major projects serving the interests of metropolitan Melbourne.

The plan should emphasise that improving freight and supply chains does not always require spending on major new signature projects. The efficiency of the current road network can be significantly improved through maintenance and upgrades which can improve productivity and reduce the time taken to transport products around the state and to ports. In a period of tight budgets this may be achieved by reallocating spending to essential maintenance and upgrades which enhance system productivity.

Roads

An effective transport system requires a road network which is maintained and upgraded to allow farmers to get their product efficiently and safely from farm to market and to similarly bring production inputs (such as fertiliser and equipment) onto farms.

A major failing of the 2018 *Delivering the Goods* freight plan was the lack of a plan to address road maintenance issues. This was despite it being a key ask by industry stakeholders.

Victoria needs strategic, long-term investment in rural and regional road maintenance and a shift away from the current approach that involves patching up roads when they have already degraded to an unacceptable standard.

Much of Victoria's country road network was established more than a century ago and many roads no longer perform the function for which they were designed. It is critical road design can accommodate the requirements of modern agricultural machinery and high productivity freight vehicles.

The road network also needs to be able to handle increasingly extreme weather episodes. Floods and high temperatures appear to have become more frequent, and we will need a resilient road network going into the future.

Improving roads in regional Victoria is not just about improving transport efficiency, it is also a safety issue. These roads are being used by the community every day to go about their normal lives, doing the shopping, taking kids to school, and so on. The VFF believes that poor quality roads are putting the lives of road users at risk in regional Victoria.

An example of a road in very poor conditions, which significantly impacts productivity is the Robinvale-Sea Lake Road, a key freight route in the Northern Mallee. A report prepared for GrainGrowers noted that:

*"... at the road's worst, many growers farming south of Manangatang were forced to drive an additional 120 kilometre (return trip) to access their local GrainCorp receival site 10 kilometres away. Assuming the grower operates a B-double with a payload of 40 tonnes, the 120 kilometre detour resulted in an estimated additional c.\$320 in running costs which equates to c.\$8 per tonne of grain transported."*¹

The VFF is aware many other examples of roads within the state which are in very poor repair and in need of urgent maintenance and restoration. Identification and rectification of poor roads on key

¹ ELK Consulting (2023), *Connecting the Dots: Improving Australian Grain Supply Chain Efficiency*, A report prepared for GrainGrowers, p. 33.

freight routes has the potential to significantly increase productivity, improve safety and facilitate decarbonisation.

The VFF believes it is crucial that the refreshed freight strategy provide a comprehensive plan for the maintenance of roads critical to the freight network. This issue must be address immediately and not delayed further.

Bridge infrastructure

As well as improving road pavements, aging bridges are also impeding the efficient, cost-effective movement of agricultural produce. Weight limits on aging bridges can mean significant detours are required to avoid them, or smaller lower productivity vehicles are used. These impacts increase the cost of transporting produce, impact timeliness and contribute to greenhouse gas emissions. Weight limits also impede access for CFA vehicles, adversely impacting on safety and community resilience.

For example, the Calder Highway either side of Bridgewater is rated for use by High Productivity Vehicles but the bridge in Bridgewater is not. This means that trucks are forced to take long detours on local roads (causing road damage, increasing costs and posing a safety risk) or they cross the bridge illegally (which also poses a safety risk).

The VFF recommends that the Victorian Government undertake targeted investment in key bridges on strategic freight corridors to improve system productivity and reduce costs to farmers and the community.

Local roads and the “first and last mile”

Local roads are a central part of the Victorian transport network and are critical for moving produce from the farm to market. They frequently represent the ‘first and last mile’ of the freight journey but are often in poor condition and unable to accommodate higher productivity heavier vehicles. This can result in the use of smaller lower productivity vehicles even though the rest of the journey can support larger vehicles.

Using smaller vehicles in place of more efficient larger ones reduces productivity and increases costs to farmers, while also increasing greenhouse gas emissions and increasing traffic and congestion. It’s a negative outcome for farmers and the community more generally.

Part of the problem is that the responsibility for maintaining local roads and bridge infrastructure falls on poorly resourced local government. Local roads which are critical for the movement of agricultural produce comprise 87 per cent of the state's road network and local roads represent 10 per cent of council expenditure. This is putting disproportionate strain on many of the remote rural shires which have large road networks but a small rating base to help fund their upkeep.

A report prepared for GrainGrowers found that:

“Demonstrating the challenge facing rural councils with limited rate bases, while Melbourne’s inner city Port Phillip Council manages 265 kilometres of road network, Buloke Shire in North-West Victoria manages 5,302 kilometres. In 2021, Port Phillip Council spent

c.\$1.9 million on road capital works, while Buloke Shire, despite having a road network that is 20 times as large, spent just twice as much at \$3.9 million.”²

Local governments must be supported to improve and maintain their local roads and transport infrastructure. The VFF recommends that the refreshed freight plan describe how this support will be provided.

The refresh of the freight strategy also provides the opportunity to plan to ensure that the importance of high productivity freight access is incorporated into the design of future infrastructure including roads, bridges and intersections, as well as private commercial freight receival sites and locations.

Effective planning is crucial for ensuring a fit for purpose road network and to contribute to improved safety outcomes and decarbonisation of the Victorian economy.

Rail

An efficient and competitive rail freight network is vital for transporting freight to port and enhancing the international competitiveness of Victoria’s agricultural production. In addition, increased use of rail and removing trucks from our roads will improve road safety and assist with decarbonisation of the transport system. Removing trucks from our roads also helps reduce Victoria’s future road maintenance and upgrade costs.

Base level funding to maintain the rail network is required. Further investment in the rail system would increase axle tonne loading, train speeds and network efficiency, the benefits of which would flow through to farmers and the community more generally.

Investment and upgrades to the rail network would also help ensure the network can deal with increasingly common weather extremes. For example, the capacity and productivity of Victoria’s freight rail network is severely curtailed during periods of high temperature when speed restrictions are placed on trains moving on the freight lines. Greater investment will improve the resilience of the network.

The revised Freight Strategy should look at opportunities to resolve line conflict between passenger and freight rail. Dedicated freight lines improve efficiency and reduce the cost of moving freight around the state and especially to ports.

Further network efficiency improvements can be achieved by further standardising Victoria’s rail freight network. In the broader context, completing the Murray Basin Rail Project is also critical to the effective movement of freight in Victoria. Mildura Economic Development, the peak economic organisation for the Mildura region has argued that:

“Australia’s largest food bowl and area of internationally significant critical mineral sand and rare earth reserves does not have an efficient and effective rail system.

The Murray Basin Freight Rail Network region will, over the ten years to 2035, produce 39.2 million tonnes of freight that is suited to rail. 73% of it will go by road, requiring 542.8 million

² ELK Consulting (2023), *Connecting the Dots: Improving Australian Grain Supply Chain Efficiency*, A report prepared for GrainGrowers, p. 36.

truck kms that will emit 2.6 million tonnes of carbon and need an equivalent of 25,600,000 trees planted as an offset.”³

Ports

Efficient access to ports and effective port functioning is key to supporting the international competitiveness of Victoria’s agricultural exports.

Increasing costs at Victorian ports relative to those in other states put Victorian agriculture and industry at a disadvantage. The costs are borne not only by Victorian farmers but by the whole community through lower incomes, less jobs and fewer opportunities.

Unfortunately, the cost of using Victorian ports, and in particular the Port of Melbourne have been rising more quickly than in other states. For example, late last year DP World announced price increases to take effect from 1 January 2024. Terminal Access Charges for full exports increased by 52.52% in Melbourne, compared with 38.8% in Sydney and 37.5% in Brisbane.⁴

The Freight and Trade Alliance estimated that such an increase in Melbourne could add six dollars per tonne to the cost of exporting grain through the Port of Melbourne.⁵

Keeping port costs down is critical to Victoria’s future economic prosperity. The VFF recommends that the refreshed freight strategy outline initiatives to constrain port costs and ensure the competitiveness of Victorian ports.

Port access

In terms of port access, problems often arise at the port entry point with congestion and delays offloading and picking up products. The VFF recommends that the refreshed Freight Strategy should outline mechanisms to address congestion entering the port and outline initiatives to address last mile access to critical infrastructure connecting the port.

Ports are not always the destination point for freight movements; they are also the entry point to Australia for imports used in the agricultural sector. For example, imports of agricultural machinery and other equipment and production inputs might enter Australia through a Victorian point and then be moved to other parts of Victoria or to other states. Free flowing port access needs to ensure both efficient movement of freight into and out of the port.

Port expansion

The refreshed Freight Strategy also provides the opportunity to ensure planning protections are in place to prevent encroachment into port land and inappropriate development affecting future port expansion and development. For example:

³ Mildura Regional Development (2023), *Submission to The Department of Infrastructure, Transport, Regional Development, Communications and the Arts’ 2023 Review of the National Freight and Supply Chain Strategy (NFSC Strategy)*, ([Microsoft Word - MRD National Freight & Supply Chain Strategy Submission final 2023.10.03a.docx \(infrastructure.gov.au\)](#)) p. 1

⁴ <https://www.ftalliance.com.au/news/30311>

⁵ <https://www.stockandland.com.au/story/8413459/melbourne-port-costs-could-jump-by-6-a-tonne-as-stevedore-seeks-price-hike/>

- The renewal of Fishermans Bend will see substantial redevelopment of the surrounding Port Melbourne areas, resulting in an influx of thousands of new residents. Without appropriate planning controls, a desire to avoid amenity impacts on residents can result in operating restrictions on freight movements, cutting the sector's productivity.
- Similarly, the Port of Geelong is facing increasing urban encroachment and GrainCorp, Barret Burston Maltings and Victorian Regional Channels Authority recently successfully appealed council approval of a seven-story office development in the port precinct at Victorian Civil and Administrative Tribunal that could have impacted the port's operations and future development.

Ensuring there is scope to develop ports in the future is critical to ensuring the freight systems is flexible enough to respond to changing needs and demands from port users.

Regulation

Improved road regulation has the potential to substantially reduce agricultural logistics costs by improving efficiency and productivity, without drawing on the state budget. This is particularly the case with regulatory reform leading to greater access to the road network by high productivity freight vehicles. Greater use of these vehicles has the potential to substantially improve freight efficiency, increase safety and reduce emissions.

The nature of the reform required here is multidimensional, as well as providing greater access to main state roads the revised freight strategy should articulate an approach to:

- working with neighbouring jurisdictions and the National Heavy Vehicle Regulator to ensure greater harmonisation of high productivity freight vehicles regulations to facilitate the efficient movement of cross-border freight. Harmonisation among jurisdictions for road freight with respect to combination weights and dimensions is required otherwise the capital costs to comply become prohibitive for operators.; and
- working with local government to increase high productivity freight vehicle access on local roads.

Another specific regulatory reform, which would improve rail freight movements is to reduce red tape for high productivity freight vehicles crossing rail lines.

The VFF recommends that the refreshed Freight Strategy describe a program of regulatory reforms aimed at facilitating greater use of high productivity freight vehicles.

The interaction of different regulatory regimes can also impact on the freight network.

Environmental regulations can impact on road quality and the ability to perform critical maintenance. For example, planning and environmental regulation preventing the clearing of native vegetation may lead to excessive vegetation near roads damaging the road surface and affecting roadside drainage. The VFF recommends that the refresh investigate options to improve responses to environmental management when it impacts on road maintenance.

Biosecurity

Moving freight across the state, country and world has implications for biosecurity and the protection of Victoria's agricultural sector. Freight movements have the potential to introduce and

spread pests and diseases that could cripple the state's farm sector and have devastating economic, social and personal consequences.

The VFF recommends that the freight strategy refresh investigate actions that can mitigate transport related biosecurity risks faced by the agricultural sector. An expanded network of truck washing facilities across the state would be a good place to start.

Bringing it all together

Although the discussion above has separated out the different transport modes for convenience, the refresh of the Freight Strategy is an opportunity to examine and plan the operation of the freight transport system. The strategy must focus on improving the efficiency of the entire Victorian supply chain including rail, road, and ports, through dedicated investment into the state's infrastructure and a commitment to reducing red tape.

The revised Freight Strategy should provide a list of priority projects and actions to provide the foundations for business cases to be developed for road, rail, intermodal and port projects for the next 10-15 years based on consultation with industry.

This will provide certainty into the future, encouraging greater private investment in the transport sector, better planned government funding and support economic growth and development in Victoria's agricultural sector.

There also needs to be accountability for delivering the actions outlined in the referenced strategy. The strategy itself is of little value if the actions are not delivered and the proposed improvements do not flow through to a better more efficient freight network. The VFF recommends that the refreshed strategy commit to publishing periodic updates on progress to implementing the actions described in the plan. This will enable progress to be tracked and help identify problems or issues hindering the rollout of the plan.

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The voice of Victorian farmers and rural communities since 1979

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