

Media release



FROM THE OFFICE OF THE PREMIER

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BRUMBY GOVERNMENT SUPPORTS RAIL FREIGHT IN VICTORIA

Premier John Brumby today announced a \$20 million package for Victoria's rail freight industry to keep container and export grain freight on rail.

Mr Brumby said the two-year Rail Freight Support Package would provide a temporary rebate for container freight carried on rail services from Warrnambool, Horsham, Mildura and Shepparton/Tocumwal.

The package will also extend a new rail access fee rebate for domestic grain to include export grain to further support the industry.

"These measures will provide vital short-term support to ensure rail freight is a viable alternative to road freight as the industry restructures and major government rail projects to improve the network are implemented," Mr Brumby said.

"Victoria's rail freight network has faced challenges – the drought has led to declined freight volumes, severely affecting intermodal terminal operators and grain handlers. This package is about supporting continued rail freight services."

In December Pacific National announced a review of its regional Victorian rail freight operations. Regional intermodal terminal operators and grain handlers were already facing economic pressure due to ongoing drought conditions.

"The state's regional freight network is an important part of the economies of many regional communities and the Victorian Government is committed to developing a network that is sustainable," Mr Brumby said.

"That's why we have worked closely with the industry to develop short-term initiatives to provide support through this transitional period. This package is an essential step to ensure the future of rail freight in Victoria."

In December last year the Government announced a rebate to keep domestic shipments of grain on rail. As part of the Rail Freight Support Package the

rebate will also apply to export grain shipments.

Minister for Public Transport, Lynne Kosky, said that through the rebates, which will be available to operators of regional intermodal terminals contracting to provide rail freight services and to grain terminal operators, the Government was providing an incentive to retain container freight and export grain on rail.

The container rebate will be payable for containers moved by rail from Warrnambool, Horsham, Mildura and Shepparton/Tocumwal.

“The rebate will be based on a benchmark rate of \$100 per 20 foot equivalent container adjusted for volume and distance,” Ms Kosky said.

“The terminal operators put a strong case to the Government to assist as they go through a period of industry restructure, and we have responded.

“With industry commitment to transport domestic grain by rail, today’s announcement in support of containerised freight and export grain, and opportunities with commodities such as mineral sands, the future of rail freight in Victoria looks strong.”

The four intermodal terminal operators transport approximately 40,000 containers by rail each year between them.

The Brumby Government bought back the regional rail freight network from Pacific National in May last year, marking the reversal of a disastrous Kennett Government privatisation.

“We continue working hard to improving the rail freight network – we invested \$133.8 million to buyback the track and immediately began investing in priority upgrades, including \$53 million to upgrade the Mildura line,” Ms Kosky said.

“We are working with the Federal Government on rail infrastructure improvements in and around the Port of Melbourne and this support package will capitalise on these investments as well as encourage other rail freight operators onto the network.”

Ms Kosky said investing in rail freight was crucial to the regional economy and moving more freight by rail, avoiding the transfer of freight that is currently carried by rail to roads.