

APPENDIX C

Scope of this audit

Objective

To determine whether programs to encourage more freight on rail have been effective.

Who we examined	Their key responsibilities
Department of Transport and Planning	Victoria's lead transport agency, tasked with delivering an integrated transport network. The department works closely with the ports, freight and logistics sectors to ensure Victoria has access to essential goods and export markets. It administers the Mode Shift Incentive Scheme and the Port Rail Shuttle Network.
V/Line	Regional public transport operator of trains and road coaches and manager of the regional rail network. Provides access to and maintains rail track used by freight rail operators across regional Victoria and parts of metropolitan Melbourne.

What we examined

The government's 2018 *Delivering the Goods – Victorian Freight Plan* confirmed its policy desire to increase the share of freight moved by rail instead of road.

We examined 2 rail freight support programs that the government has funded:

- the scheme, which was allocated \$3.5 million in 2022–23 is available to freight handlers at 4 regional multimodal terminals. The scheme targets to remove up to 28,000 truck trips from regional roads each year
- the \$58 million shuttle network, which aims to reduce the number of trucks on Melbourne's roads, as well as give freight operators more direct dock access to the port. The shuttle network has received funding from the Victorian and Australian governments and will use private sector-operated intermodal terminals at Altona, Dandenong South and Somerton.

How we assessed performance

To form our conclusion against the engagement objective we used the following lines of inquiry and associated evaluation criteria:

Line of inquiry	Criteria
Has the scheme diverted the expected number of freight containers from road to rail?	<ol style="list-style-type: none">1. The scheme is achieving the goals and expectations set by government.2. The scheme's data in Budget Paper No. 3: Service Delivery gives an accurate view of program achievements against targets over time.3. The scheme can demonstrate that it has delivered value for the state in terms of input costs over time versus economic value generated, such as by:<ul style="list-style-type: none">• supporting efficient regional supply chains• improving access to export markets• improving amenity and safety in regional areas• improving environmental outcomes.
Is the shuttle network proceeding as planned?	<ol style="list-style-type: none">1. The shuttle network program is on track to achieve the expected and required milestones and targets set by the government.2. The department is managing the shuttle network contracts in an effective manner to ensure that:<ul style="list-style-type: none">• parties to the agreements meet all relevant requirements• co-investment by the private sector is occurring within required timeframes.3. The department is delivering or facilitating any required enabling activities (such as allocation of freight train paths, planning permissions or delivering connecting rail infrastructure) so that the private sector parties' chance of success and commercial viability of the shuttle network are optimised.4. The department can demonstrate that it has analysed and assessed any potential conflicts relating to the capacity and scheduling of passenger versus freight rail traffic in the urban and regional network, and reflected these in expectations about the shuttle network's capacity to divert more metropolitan container freight from trucks to rail.

Our methods

As part of the audit we:

- held discussions and sought submissions from multiple stakeholders that utilise the rail freight network
- sought and examined official documentation relevant to the 2 programs
- interviewed key agency staff involved in the administration of the scheme and shuttle network.

We conducted our audit in accordance with the *Audit Act 1994* and ASAE 3500 *Performance Engagements* to obtain reasonable assurance to provide a basis for our conclusion.

We complied with the independence and other relevant ethical requirements related to assurance engagements.

We also provided a copy of the report to the Department of Premier and Cabinet and the Department of Treasury and Finance.

Cost and time

The full cost of the audit and preparation of this report was \$615,000. The duration of the audit was 10 months from initiation to tabling.