

VICTORIA

Victorian
Auditor-General

Audit summary
of
Management of the
Freight Network

Tabled in Parliament
6 October 2010

Audit summary

Background

The government's vision is for a thriving economy, underpinned by population and economic growth, and a healthy and liveable environment for current and future generations. Achieving this vision means efficiently moving much more freight across the publicly managed transport network, while protecting the environment and the people living near freight routes from the impacts of this growth.

The scale of the challenge is significant. At present nearly 90 per cent of freight travels on the road network. The amount of freight is expected to double over the next 20 years, accompanied by further increases in business and personal travel on roads. Maintaining and improving the efficiency of the freight network, without damaging the environment, requires careful planning and effective action.

The audit examined the effectiveness of *Freight Futures—A Victorian Freight Network Strategy* (the strategy), the government's long-term plan for managing the capacity, efficiency and sustainability of the freight network. We assessed whether the strategy was adequately informed and whether agencies had made satisfactory progress in applying its actions and achieving its aims since its release in December 2008.

The Department of Transport (the department) is responsible for implementing the strategy, and shares responsibility for its actions with VicRoads and the Department of Planning and Community Development.

Conclusions

The directions and actions in the strategy are an essential starting point for managing freight growth. However, these had known limitations that needed to be addressed early in the strategy's implementation for it to be fully effective.

There has been good progress in applying many of the strategy's actions, particularly those affecting the movement of freight through the Port of Melbourne and in large trucks on Melbourne's major roads.

However, the department has been slow to address significant limitations in:

- measuring and reporting the strategy's outputs and outcomes
- improving the quality of information used to inform decisions
- freight issues that were underdeveloped in the strategy, such as managing the growth of light commercial vehicle use.

The department needs to remedy this situation. We saw some recent signs that it is preparing to address these issues.

Findings

The strategy created a logical framework for government action to address the challenges of moving much more freight. It clarified the roles of the public and private sectors and put forward a range of complementary measures to improve the performance of the freight network.

Industry welcomed the publication of a plan that public agencies and the private sector could work with after a lack of progress in the preceding years. However, publishing the strategy by late 2008 meant the department had to compromise on the strategy's content and would have to deal with some important limitations during implementation.

Performance measurement

Measuring and communicating success is important for accountability and effectiveness. The community should be informed about progress against plans and whether agencies are achieving intended outcomes. The government needs information on effectiveness so it can decide whether it needs to do more.

The department had not worked out how it would measure and report on the strategy's progress and outcomes in late 2008, and this remains the case.

Adequately informing decisions

Good information provides clarity about the issues and helps frame actions that are effective in addressing problems and mitigating the risk of unintended impacts. The strategy confirmed that to properly plan for the future, the department should improve its understanding of all aspects of the freight task.

In this regard, the department has not made satisfactory progress. Consequently, decision making becomes more difficult. For example, the department is implementing a charge on trucks carrying international containers to and from the Port of Melbourne. There is significant uncertainty about the impacts on travel and the viability of small operators, partly because the department has little information on detailed trucking operations.

The department is working to address this situation by consulting with stakeholders and completing a baseline survey of truck movements before implementing the charge.

Freight issues with underdeveloped solutions

The strategy focused most on the capacity and efficiency problems for freight carried through the Port of Melbourne and on Melbourne's major roads in large trucks. This was consistent with government's priorities and made possible because the department had a better understanding of the issues for these parts of the freight task.

Other important issues, such as the movement of light commercial vehicles, had less comprehensive coverage. The department decided to focus on heavier goods vehicles because these carried more than 90 per cent of Victoria's road freight by weight. In addition, it did not have a good enough understanding of light commercial vehicle issues to propose specific solutions, so the strategy's actions focused on building a better understanding.

Light commercial vehicles are important for freight efficiency. They play an important local delivery role, make up 15 per cent of all vehicle kilometres travelled in Victoria, and are the major freight contributor to urban congestion. Their numbers are expected to grow faster than cars and other freight vehicles.

The department had not made satisfactory progress on this and needs to form clear plans to address the problems associated with them. It has started to do this through case studies of freight movement in the different types of retail and business precincts found in Melbourne.

We also expected, but did not find, clearly documented priorities and appropriate plans covering all the actions in the strategy.

Recommendations

Number	Recommendation	Page
1.	The Department of Transport should publish information that explains the strategy's priorities, how actions are linked, and the time lines for their completion.	23
2.	The Department of Transport should develop, as a high priority, indicators that adequately describe progress in achieving the strategy's actions and delivering on the intended outcomes.	23
3.	The Department of Transport should regularly report to the community on the strategy's progress, outcomes, forecast impacts and any changes to the strategy's content and priorities.	23
4.	The Department of Transport should form clear plans for addressing the strategy's information gaps and the issues about last kilometre access for heavy goods vehicles, off-peak access to retail precincts and the management of light commercial vehicles.	23
5.	The Department of Transport, VicRoads and the Department of Planning and Community Development should improve the quality of project plans across all of the actions in the strategy to reflect the better practice requirements of the Department of Transport's Project Management Framework.	23

Submissions and comments received

In addition to progressive engagement during the course of the audit, in accordance with section 16(3) of the *Audit Act 1994* a copy of this report, or relevant extracts from the report, was provided to the Department of Transport, VicRoads and the Department of Planning and Community Development with a request for submissions or comments.

Agency views have been considered in reaching our audit conclusions and are represented to the extent relevant and warranted in preparing this report. Their full section 16(3) submissions and comments, however, are included in Appendix A.
