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**Opinion**

# Inland Rail must not cement east coast rail freight monopoly

The productivity and efficiency saving from the government investment project will be diminished unless the new intermodal terminals in Sydney, Brisbane and Melbourne are independently owned and operated.

**Rod Sims**

*Former ACCC Chair*



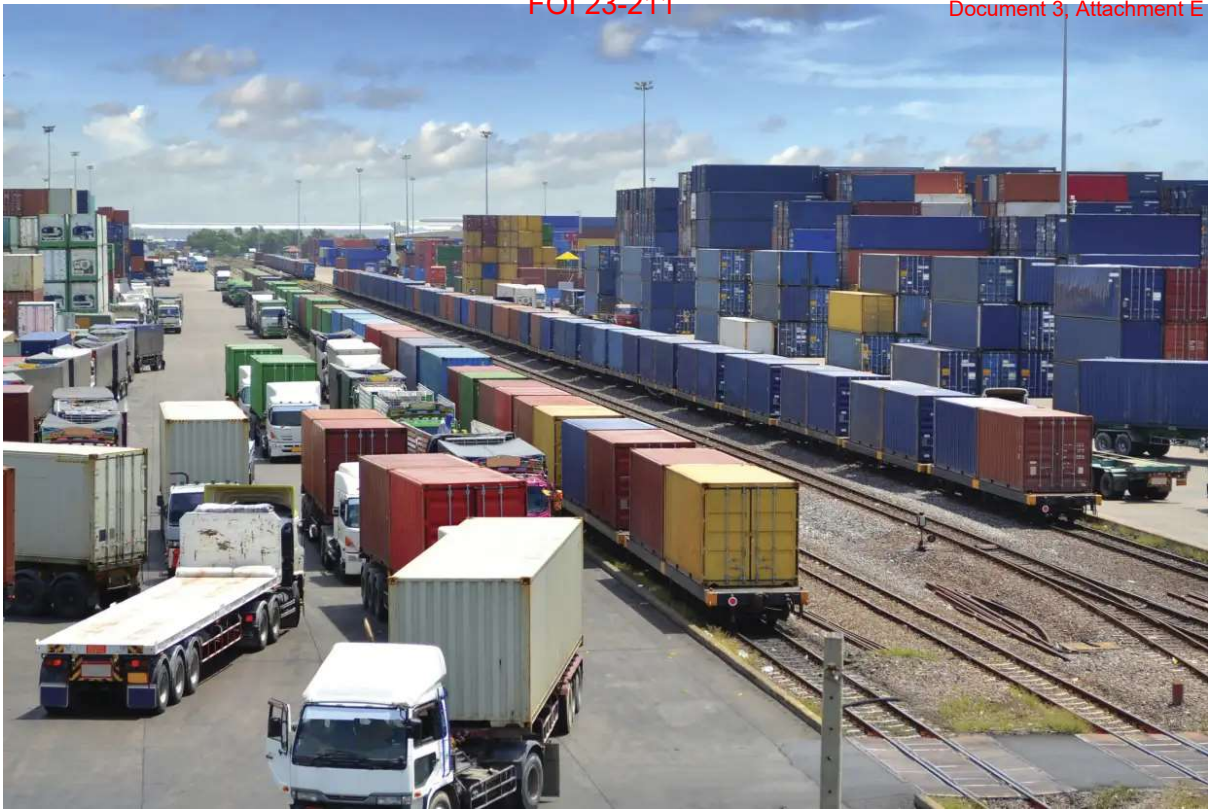
Dec 4, 2022 – 2.25pm

Whether the Commonwealth's investment of well over \$10 billion in the Inland Rail [<https://www.afr.com/companies/infrastructure/catherine-king-flags-a-hard-nosed-look-on-l4b-inland-rail-20221121-p5bzx7>] is a success or not depends on decisions soon to be made by the federal and state governments.

The upgraded rail infrastructure will deliver productivity and efficiency savings with the ability to double-stack containers and shorten the travel time between Melbourne and Brisbane by 10 hours, but how the market can access this new network is critical.

While a new intermodal terminal in Sydney

[<https://www.afr.com/companies/infrastructure/revolution-in-freight-finally-on-track-20220407-p5abnh>] is being built, and new terminals will be needed in Brisbane and Melbourne, the key issue is whether these terminals will be independently owned and operated, and so function on an open access basis. Only then can rail freight competition occur, rail freight prices fall and rail increase its share of the freight task against road, which are the objectives of the Inland Rail.



An artist's image of a proposed intermodal freight terminal at Beveridge near Melbourne, which would handle goods moved on the Inland Rail.

The completion of Inland Rail [<https://www.afr.com/companies/infrastructure/schott-to-probe-inland-rail-for-budget-blowout-20221007-p5b054>] has the potential to dramatically lower rail freight costs – on the Melbourne-Brisbane route, for example, by at least 25 per cent. This is huge, and has the potential to triple rail's share of freight on this route from the current 10 per cent or so to at least 30 per cent. The gains to the economy, road users and the environment are clear.

Currently, Pacific National (PN) dominates container rail freight on the east coast, essentially because it is the only player with good access to intermodal facilities in Melbourne, Sydney and Brisbane. It is really the only option for freight forwarders Toll, Linfox and K&S Freighters to use when shipping containers.

Its only real competitor is SCT, with a small market share, and you can only access their rail wagons if you use them as the freight forwarder and are not sending a container.

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**If PN can maintain its near monopoly, a large prize awaits: it will likely keep most of the gains from Inland Rail for itself.**

Potential competitors without access to intermodal facilities cannot compete effectively. History has constantly demonstrated this, particularly through a long series of complaints from those who do not own or operate terminals.

The new interstate intermodal facility at Moorebank, near Sydney, has a degree of industry player vertical integration, due to the historical involvement of Qube, but the latter is a negligible player on the interstate rail freight market. PN would be free to be a customer, but it will have no direct influence, ownership or control over the facility.

It must stay that way.

When new intermodal terminals to support Inland Rail are built in Melbourne and Brisbane, they must also be completely free of PN ownership or influence. PN will no doubt offer to build or fund all or some of the cost, and argue that government should not build intermodal facilities if the private sector is willing to do this.

Of course it would; cementing its near monopoly is more than worth the cost. Hopefully, governments will recognise the motive behind these lines.

To be clear, I am not at all criticising PN. On the contrary, I am complimenting it on its commercial skills and strategic competitive positioning. All commercial firms would maximise profits when faced with the choice that would be confronting PN; they would keep prices above competitive levels whenever they can.

## Maximising profit

If PN can maintain its near monopoly, a large prize awaits: it will likely keep most of the gains from Inland Rail for itself. If it faces little or no effective rail competition, why should it price any lower than required to keep sufficient traffic on rail rather than road?

This is basic common commercial sense. All monopolists face the choice of lowering prices to competitive levels to capture more volume, or keeping prices higher than competitive levels with lower volume. The latter is the profit-maximising alternative all commercially minded business people choose.

Only if PN faces effective rail freight competition will those who use containers to move rail freight see the benefit from the Inland Rail. Rail freight competitors will then compete to attract customers, who will then see real benefits from the construction of Inland Rail.

And there will only be rail freight competition if potential entrants can be sure of equal access to terminal facilities.

It is the role of government, in these circumstances, to ensure the value from its investment of more than \$10 billion in essential national infrastructure will flow to benefit the broader Australian public and not be restricted to existing market players.



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<https://www.afr.com/politics/federal/end-cherry-picked-business-cases-to-level-infrastructure-playing-field-20221117-p5bz34>



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**RELATED****Labor should walk the talk on infrastructure integrity**

<https://www.afr.com/companies/infrastructure/labor-should-walk-the-talk-on-infrastructure-integrity-20221120-p5bzrz>

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**Rod Sims** is professor in public policy at ANU and a former Chair of the Australian Consumer and Competition Commission from 2011-2022.

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**— Analysis**

# Rod Sims gears up for battle with Pacific National on Inland Rail

**Jenny Wiggins** *Infrastructure reporter*



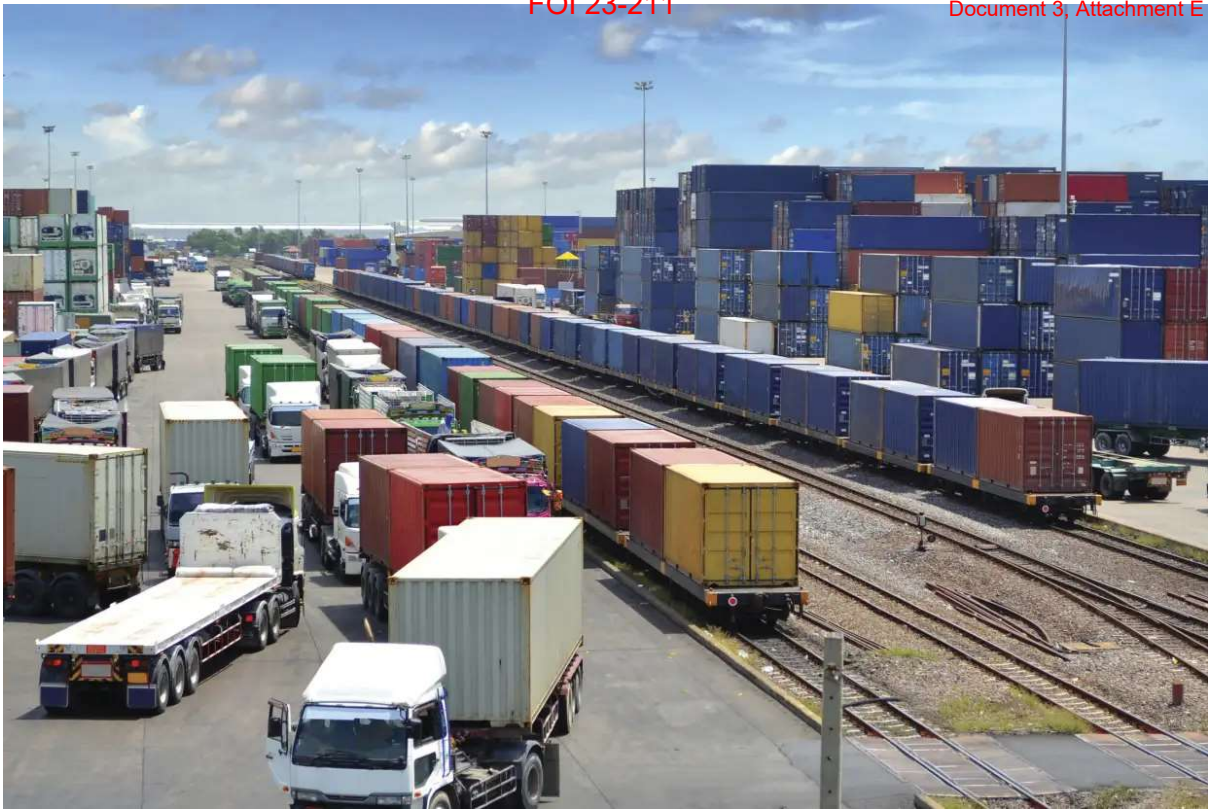
Dec 5, 2022 – 5.00am

Rod Sims may have exited Australia's competition watchdog but the former regulator is not done fighting prospective monopolies, now turning his attention to one of the nation's biggest infrastructure projects: the \$14 billion Inland Rail.

Since retiring from the Australian Competition and Consumer Commission last year after a decade in the chairman's seat, Sims has had the satisfaction of seeing the NSW government scrap the "outrageous" fees imposed on the Port of Newcastle in 2013 [<https://www.afr.com/companies/infrastructure/coal-is-declining-newcastle-port-gets-closer-to-containers-20221108-p5bwjn>] to try to stop it from competing with Port Botany in handling container goods.

Sims spent years trying to get rid of the \$100 fee per container [<https://www.afr.com/companies/sale-of-nsw-ports-included-anticompetitive-and-illegal-deeds-acc-20181210-h18xr5>] that the Newcastle port would have had to pay as compensation to Port Botany's owners if it built its own big container port, describing the arrangement as "appalling".





An artist's image of a proposed intermodal freight terminal at Beveridge near Melbourne, which would handle goods moved on the Inland Rail.

Now a professor at the Australian National University's Crawford School of Public Policy, where he hasn't lost his enthusiasm for cracking down on practices that hurt competition, Sims has been looking into the 1700-kilometre Inland Rail project between Brisbane and Melbourne and the companies that will operate freight hubs along its route.

The creation of a more direct rail link between Melbourne and Brisbane is forecast to cut about 200 kilometres off the current, longer coastal rail link, and lower rail freight costs by as much as \$10 per tonne, according to the Australian Rail Track Corporation.

Sims has already started thinking about who might profit from the new rail link, and what that means for the cost of transporting freight.

His concerns centre on Pacific National, Australia's biggest private rail freight group, which is owned by a consortium of investment funds including the US' Global Infrastructure Partners and the Canada Pension Plan Investment Board, and run by former Virgin Australia chief executive Paul Scurrah.



Sims is worried that Pacific National, which already owns freight hubs along the route including in Queensland (at Acacia Ridge near Brisbane), NSW (at Parkes) and Victoria (in Melbourne), will try to also control new freight hubs that are being planned by the federal government.

## Intermodal terminals

The National Intermodal Corporation (NIC), a new incarnation of the Moorebank Intermodal Company that was set up by the federal government, is currently considering options for new intermodal terminals in Melbourne and Brisbane.

Sims believes that if Pacific National owns more terminals and remains the dominant east coast intermodal owner and operator, it will try to profit from the forecast drop in rail freight costs.

“Any person with a dominant position always has higher-than-competitive prices and sacrifices a bit of volume because that’s the most profitable outcome,” Sims

says. “My concern is that Inland Rail will largely benefit Pacific National if they get their hands on one or two of these terminals.”

He is calling on the federal government to ensure that Pacific National does not have any stake or influence in the new proposed freight hubs, arguing that bringing in other operators will reduce rail transport costs.

“I’m very confident that if we get independent terminals with open access, we will get another one or two players coming into the market, which will be exactly what we need to get lower freight rates,” Sims says.

Scurrah, not surprisingly, does not agree with Sims’ views, arguing that they are not “grounded in reality”.

Pacific National believes it has already defeated claims around potential anti-competitive practices by winning a Federal Court lawsuit

[\[https://www.afr.com/companies/accc-takes-aurizon-pacific-national-to-court-over-intermodal-sale-20180718-h12u0j\]](https://www.afr.com/companies/accc-takes-aurizon-pacific-national-to-court-over-intermodal-sale-20180718-h12u0j) brought by the ACCC in 2018 to try to stop it from buying Aurizon’s Acacia Ridge freight terminal near Brisbane.

Sims said at the time he was “stunned” by the Federal Court’s ruling

[\[https://www.afr.com/companies/infrastructure/factually-wrong-and-misleading-aurizon-strikes-back-at-accc-20190516-p51nxu\]](https://www.afr.com/companies/infrastructure/factually-wrong-and-misleading-aurizon-strikes-back-at-accc-20190516-p51nxu) (which found there was not enough evidence to support claims the Acacia Ridge acquisition would reduce competition), while Aurizon boss Andrew Harding accused the ACCC of perpetuating “a myth of a monopoly existing with one freight rail provider on the east coast”.

Scurrah argues that competitors to Pacific National operate freight hubs elsewhere on the east coast, including SCT Logistics, Qube and LINX.

## **‘Leave the hubs to private companies’**

He claims that government money should be used to build and upgrade rail networks and related infrastructure, and that governments should leave the operation of freight hubs to private companies.

“Given the billion-dollar price tag of delivering a new interstate terminal, it’s hard to justify redirecting that level of taxpayer money away from other essential public services and infrastructure, especially since it is difficult to guarantee industry will



deliver the freight volumes to make the taxpayers' investment stack up," Scurrah says.

"If a proposed terminal doesn't meet the needs of rail freight operators and their customers, or a future terminal development being pushed by a government department doesn't allow the private sector to take an equity position, then companies will do what they have always done historically and just build their own freight facility."

Scurrah also notes that Australian rail operators still struggle to compete with trucking companies, with less than 5 per cent of general freight moved between Sydney and Brisbane carried on rail, and even less carried between Sydney and Melbourne.

Pacific National, which is expanding its locomotive fleet and continuing to invest in intermodal logistics, is reluctant to use freight hubs that it doesn't at least partially control because it likes to be able to guarantee how much freight passes through them as well as other infrastructure operated by its owners, which include the ports of Brisbane and Melbourne.

While the Inland Rail's size and scale is under review

[<https://www.afr.com/companies/infrastructure/catherine-king-flags-a-hard-nosed-look-on-14b-inland-rail-20221121-p5bzbv7>] by the Albanese government, which has put former banker and energy policymaker Dr Kerry Schott in charge of analysing its costs and benefits, it is still expected to get built.

Moorebank Intermodal Company boss James Baulderstone told a Senate estimates hearing on Friday that the organisation was still working with the Victorian and Queensland governments to finalise a decision on where the new freight hubs should be constructed.

The NIC was created by the Morrison government and its 2022-23 federal budget committed up to \$3.1 billion

[<https://webarchive.nla.gov.au/awa/20220405140020/https://minister.infrastructure.gov.au/joyce/media-release/179-billion-boost-infrastructure-across-australia>] for a \$3.6 billion Melbourne intermodal terminal package with two new terminals at Beveridge and Truganina. It also flagged the development of a new intermodal terminal in Brisbane, where several sites are under consideration.

Pacific National favours the development of the Truganina site in western Melbourne because it has been planning its own new terminal nearby at Little

River, which it argues would “complement” a future Truganina hub.

Since Labor was elected in May, NIC has continued to investigate the most appropriate locations near Melbourne and has had talks with Schott over possible locations for the new freight hubs as well as the timing of construction, Baulderstone said. Beveridge is considered the easiest and cheapest to connect to Inland Rail.

But whether the government goes ahead with two terminals near Melbourne will depend on the outcome of Schott’s review.

## ‘Mixed results’ from privatisation

Meanwhile, NSW’s reversal of the Port of Newcastle’s container fees is being seized on as an example of how damaging privatisation of infrastructure assets can be (the fees were imposed to bump up the \$5.1 billion sale price of Port Botany and Port Kembla).

Port of Newcastle chairman Professor Roy Green believes privatisation has had mixed results in Australia, with the nation sometimes ending up with “innovation-stifling market concentration” that doesn’t help productivity.

With the reversal of the port’s container fees now enshrined in NSW law as the Port of Newcastle (Extinguishment of Liability) Act 2022, the port is proceeding with plans to build a container port, giving importers and exporters another gateway to bring goods in and out of Australia.

Most crucially, building a container terminal will enable the Port of Newcastle to diversify away from coal (which currently comprises most of its business.)

Sims says that he has “always been a fan” of privatisation, but that Australia has done it badly by protecting monopolies and not ensuring that they are regulated. “The people to blame for that are those who have done privatisation so badly in the past.”



### RELATED

#### **Inland Rail must not cement east coast rail freight monopoly**

<https://www.afr.com/companies/infrastructure/inland-rail-must-not-cement-east-coast-rail-freight-monopoly-20221204-p5c3gs>



### RELATED



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FOI 23-211

Document 3, Attachment E


### Catherine King flags a 'hard-nosed look' at \$14b Inland Rail

<https://www.afr.com/companies/infrastructure/catherine-king-flags-a-hard-nosed-look-on-14b-inland-rail-20221121-p5bzv7>

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Released under FOI Act 1982 by Department of Infrastructure,  
Transport, Regional Development, Communications and the Arts

 <b>Australian Government</b> <b>Department of Infrastructure, Transport, Regional Development, Communications and the Arts</b>	<b>Meeting Brief</b>  <b>MB23-001466</b>
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**To:** The Hon Catherine King MP, Minister for Infrastructure, Transport, Regional Development and Local Government

**MEETING: Pacific National**

**Timing:** Tuesday, 14 March 2023.

**Venue:** APH.

**Meeting with:** Mr Paul Scurrah, Managing Director and Chief Executive Officer of Pacific National (PN), his biography is at **Attachment A**.

**Our Proposed Objectives:** To provide PN with an opportunity to:

- discuss their proposal to acquire equity in Australian Government funded intermodal terminals, particularly the Moorebank Interstate Intermodal Terminal in New South Wales
- raise their concerns on the Australian Rail Track Corporation (ARTC) network disruptions.

**Their Objective:** To have an opportunity to:

s47C

**Key Points:**

s47C

*Pacific National involvement in Intermodal Terminals*

s47C

4. PN claims government funding should be used to build and upgrade rail networks and related infrastructure, but development and operation of intermodal freight hubs should rest with private companies.



s47C  
*ARTC Network Disruptions*s47C  
*National supply chains*

11. PN announced on 7 March 2023 that it would step in to support the movement of refrigerated freight with the collapse of Scotts Refrigerated Logistics, including making investments to increase capacity in it's containerised business by an extra 5 per cent annually for cold storage supply chain customers.

s47C  


**Consultation:** The Major Transport and Infrastructure Projects Division was consulted in the preparation of this brief.

Cleared By: Jason Preece  
Position: A/g Assistant Secretary  
Division: Significant Projects Investment Delivery  
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Cleared Date: 7 March 2023

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Terminal Oversight  
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**Attachments:**

- A: Biographical details
- B: Further information on ARTC's network disruptions
- C: Recent media articles regarding ARTC's network disruptions

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Transport, Regional Development, Communications and the Arts

## ATTACHMENT A

**BIOGRAPHICAL DETAILS****Name:** Paul Scurrah**Position:** Managing Director and Chief Executive Officer**Organisation:** Pacific National**Phone Number:** Not available**Biography:**

Paul Scurrah, formerly CEO of Virgin Australia and previously DP World Australia, was appointed managing director and CEO of Pacific National on 19 April 2021.

Mr Scurrah joined Pacific National after holding roles across the rail, port and aviation sectors, most recently as managing director and CEO of Virgin Australia.

Other significant roles include his time as CEO of Queensland Rail, executive vice-president and commercial and marketing officer at Aurizon and managing director and CEO of DP World Australia.

Mr Scurrah joined Virgin Australia in 2019 after five years at DP World Australia.

## Temporary closures on the Interstate Network and Hunter Valley Network since January 2022

### BACKGROUND

Many of the disruptions to ARTC's network were caused by unprecedented rain and flooding events.

- Due to severe flooding damage (1 in 300-year flood), the Trans-Australian railway line was closed on 21 January 2022 and services resumed on 14 February 2022. Combined with the closure of the Stuart Highway, this caused a national supply chain crisis. In response, ARTC activated emergency rectification works, immediately mobilising crews to repair 18 separate remote locations along a 300km section of track.
- ARTC's Moss Vale to Unanderra line in NSW was closed on 3 March 2022 due to embankment failure and instability. Geotechnical investigations and stabilisation works were required to restore the line. Progress was delayed by further heavy rains in July 2022. The line reopened on 4 October 2022.
- The Southern Highlands line in NSW was closed on 8 March 2022 due to an embankment failure at Picton. The line reopened on 16 March 2022.
- ARTC's Hunter Valley line was closed on 6 July 2022 by significant flooding at Maitland and near Newcastle. The line reopened to limited services on 14 July 2022 and normal services recommenced on 18 July 2022.
- A freight train carrying grain derailed near Gunning on the Main South Line on 10 July 2022. Significant restoration works were conducted while the line operated at reduced capacity. The line was restored to normal operations on 18 July 2022.
- Due to an unprecedented flooding event, the interstate rail line between Stockinbingal to Parkes closed on 12 October 2022. This was followed by the closure of the Broken Hill line between Parkes to Euabalong on 25 October 2022. Floodwaters in the area were widespread and receded slowly. The Stockinbingal to Parkes line reopened on 4 December 2022 and the Broken Hill line reopened on 23 January 2023.
- The Melbourne-Adelaide interstate line closed on 14 November 2022 due to a freight train derailment near Inverleigh, Victoria. ARTC completed reconstruction works and reopened the line in the evening of 21 November 2022. The Australian Transport Safety Bureau is investigating the circumstances of the derailment. The train involved was operated by SCT Logistics.
- The closure of both the Melbourne-Adelaide and Parkes and Broken Hill lines had a major impact on east-west intermodal services between Melbourne/Sydney, Adelaide and Perth. The delivery of groceries and critical supplies, as well as domestic steel supplies were significantly affected. Grocery retailers pivoted towards road and sea freight transfers, with some expressing serious concerns about the ongoing reliability of the rail network. ARTC is assessing the overall impacts of the network disruptions on its business.



## MEDIA ARTICLES

### **Pacific National boss Paul Scurrah says rail freight must 'pinch and scrape for every cent'** By **KYLAR LOUSSIKIAN**

UPDATED 6:05AM **JANUARY 16, 2023**, FIRST PUBLISHED AT 12:00AM JANUARY 16, 2023  
*THE AUSTRALIAN*

The chief executive of the country's largest rail freight operator has warned that "large sections of our interstate and regional railways are in urgent need for major upgrades" after years of neglect.

Pacific National boss Paul Scurrah said state governments and the commonwealth could "no longer neglect the condition and resilience of our interstate and regional railways", with several key sections of the national network knocked out for weeks on end as a result of poor weather last year.

"Each year, billions in funding is hardcoded in federal and state government budgets to upgrade roads and highways, which then spurs on greater access for bigger and heavier trucks," he said.

"Meanwhile, rail freight must pinch and scrape for every cent."

The country's freight rail network is largely operated by the commonwealth-owned Australian Rail Track Corporation, although some parts are managed separately by state authorities.

One section of track managed by the ARTC, between Parkes and Broken Hill in NSW, has been closed since late October and is not scheduled to re-open until late January, which has meant all east-west rail freight services have been re-routed through Melbourne, where the network is congested and the track must be shared with passenger rail services.

An ARTC update for stakeholders, circulated in November, noted "limited capacity" on the Melbourne route.

"Ongoing flooding events continue to see water levels rising. Track inspection and repairs can only commence once water levels in the rail corridor recede significantly, and the duration of repairs will be dependent on the damage sustained," the update read.

Another part of the network managed by the ARTC, from Moss Vale to Unanderra – a suburb of Wollongong – was closed from March to October, or 209 days. That line is used to deliver grain and coal to the Port Kembla terminal and used by Manildra's Shoalhaven Starches, the largest wheat starch and gluten plant in the country.

Early last year, another major corridor – the ARTC-operated line from Port Augusta to Tarcoola in South Australia – was closed for 24 days and estimates suggested the economic impact was \$320m.

The Port Augusta to Tarcoola line, one of the primary links between the capitals on the east coast and Perth and Darwin was closed after significant flooding damaged it at 18 sites across 300km.

The ARTC was forced to close the Hunter Valley network in July after heavy rainfall, preventing access to the Port of Newcastle, while the NSW-run Blue Mountains line, which is used to move grain and coal to Botany and Port Kembla, was closed for 41 days last year after major landslips in the area.

Mr Scurrah said Pacific National was working around the extended closure of the track from Parkes to Broken Hill, but the route through Melbourne took an extra 16 hours, which was “leading to additional costs in labour, fuel and access charges”.

“In the meantime, some customers have been forced to divert their freight from trains to trucks or foreign-owned cargo ships,” he said.

“Imagine the understandable outrage from communities, commuters, and the trucking industry if the Pacific, Princes, Hume, Newell, Great Western, New England, Bruce, Eyre, or Stuart highways were closed for months on end.”

An ARTC spokesman declined to comment, but noted the organisation had spent some \$9bn on its network over 15 years. The ARTC has also been tasked by the federal government with helping to deliver the Inland Rail, for which it has been given \$14.5bn.

After years of planning, the Inland Rail opened part of its first phase in early December – from Narrabri to North Star.

But there is acrimony over that project. The federal government has appointed former Energy Security Board chair Kerry Schott to lead an inquiry into the project, which has been hit by cost blowouts and a dispute over its exact route from Brisbane to Melbourne. A timeline to complete the project announced by the Coalition by 2026 was described by Infrastructure Minister Catherine King as “a lend”.

“In every state, there are significant problems around, whether environmental approvals, environmental offsets or the alignment,” she told The Australian in June.

“There was a lot of focus on getting announcements out the door and looking to be seen to be doing things,” she said of the previous federal government.

One report, prepared by a Senate committee in 2021, suggested the project could cost more than \$20bn by the time it was finished.

Ms King’s office on Sunday said the government “recognises the unprecedented impact of recent flooding on the operation of freight rail networks”, adding that the ARTC had last year allocated an additional \$170m toward network resilience investments.

“The government is also investing in numerous upgrades to ensure the productivity, safety and reliability of the ARTC network,” she said.

Mr Scurrah, the former chief executive of Virgin Australia, said there had been “many decades of chronic government underfunding” of the freight rail network.

“Increasing volumes of bulk freight like grain, minerals and shipping containers are being transported by trucks, not trains, due to substandard rail infrastructure,” he said.

“When freight shifts from rail to road, it’s Australians who ultimately pay the price. Communities suffer increased traffic congestion, vehicle emissions and road accidents.

“Taxpayers and ratepayers are forced to fork out more money to repair and maintain roads and highways.”

Mr Scurrah said the freight rail issues would also affect the cost of groceries, “adding to the financial pain (families) are feeling from inflation and rising interest rates”.

“Australian rail freight companies are some of the best in the business but the condition of the track infrastructure is letting operators and their customers down,” Mr Scurrah said.

Pacific National was owned by Toll Holdings and Patrick, before becoming part of Asciano when it was separated out of Toll and listed on the ASX. In 2016, it was acquired by a consortium which included Global Infrastructure Partners, CPPIB, the China Investment Corporation, Singapore fund GIC, and British Columbia Investment Management Corp.

Released under FOI Act 1982 by Department of Infrastructure,  
Transport, Regional Development, Communications and the Arts

**Derailment to cause freight havoc as heavy rain pounds Victoria**By [Benjamin Preiss](#) and [Caroline Schelle](#)**November 14, 2022** — 7.20pm[Train derails at Inverleigh, as wild weather lashes Victoria \(theage.com.au\)](#)**KEY POINTS**

Wild weather has wreaked havoc across Victoria, flooding houses and roads and sweeping away vast sections of beach on the Mornington Peninsula.

The heavy rain came as a train derailed at Inverleigh near Geelong, severing a crucial interstate freight route just as the busiest time of year begins for the movement of goods across the country.

The Bureau of Meteorology reported storms battered much of the state, with Mount Hotham receiving the highest downpour, of 154 millimetres between 9am on Saturday and Monday afternoon.

The wet weather drenched the Mornington Peninsula with extensive flash flooding across the area. Seven houses flooded above floor level in Balnarring and by Monday evening numerous roads remained closed.

Mornington Peninsula Shire Mayor Anthony Marsh said a lot of sand had been swept from beaches at Mount Martha and Mornington.

He said the council was only just recovering from severe storm damage last year. “These storms are getting more frequent,” he said.

Much of the beach has been washed away at Mount Martha.

Mount Martha resident Bec Gibbs said the erosion was the worst she had seen at her beach, as stormwater gushed into the Balcombe Estuary and cut into the sand.

“It’s taken away most of the beach,” she said.

Authorities confirmed there had been heavy rain at the site of the train derailment, between Inverleigh and Gheringhap – about 30 kilometres west of Geelong – about 5.30am on Monday.

The national transport safety investigator did not give any indication of whether flooding had caused the accident.

However, Australian Transport Safety Bureau chief commissioner Angus Mitchell did confirm the incident resulted in damage to track infrastructure.

“Investigators will survey the site and collect any relevant components for further examination and analysis,” he said.

“They will also obtain and review any recorded data, weather information, witness reports, and relevant train and track operator records.”

State Emergency Service chief officer of operations Tim Wiebusch said it was too early to determine the cause of the derailment.

“We do know there was heavy rainfall and some flash flooding in that area,” he said.

Wiebusch said authorities were assessing how to move heavy machinery in to clear the wreckage and begin reinstating the line.

Freight train derails in wet Victorian paddock, investigation underway



"It could be a week or more before we're starting to see active work on that line," he said.

Victoria's Emergency Management Commissioner Andrew Crisp said 16 of the train's 55 rail cars derailed.

The incident came after flooding resulted in the closure of a section of rail track in NSW, between Parkes and Broken Hill, which is another major east-west freight route.

An Australian Rail Track Corporation (ARTC) spokesman said the section of track remained closed because of flooding in the central west of NSW.

"As flooding remains widespread in the area ARTC has not been able to assess the full damage to the track and begin our recovery efforts," he said.

Paul Scurrah, chief executive of rail freight operator Pacific National, said the closure of both lines put heavy strain on the country's freight network.

"We're coming in to the peak season when we carry higher volumes than we normally do," he said.

Although Pacific National was not involved in the derailment, Scurrah said rail lines were under immense stress from climate change.

"We need to build our rail lines to a more resilient standard," he said.

Meanwhile, Wiebusch said the risk of floods remained in Victoria, including in Echuca on the Murray River.

"For our Murray River communities there's still some time to go with the flooding that's occurring," he said.

At Robinvale, near Swan Hill, major flooding is forecast from Thursday, and should peak next Monday.

The Murray is expected to exceed major flood level in Mildura on November 26 and peak in early December.

Much of Australia is now grappling with wild weather.

South Australia remained cut off from the national energy grid after weekend storms brought down a major transmission tower east of Adelaide.

SA was hit with more than 423,000 lightning strikes, damaging winds and torrential rain on Saturday, causing widespread damage. There were more than 500 reports of wires down and minor flooding.

In the worst blackout since the statewide outage in 2016, about 163,000 properties lost electricity supplies with just under 30,000 still without power by Monday afternoon.

**With AAP**