

Supplementary submission
to the House of Representatives Standing Committee on Economics
Inquiry into raising the level of productivity growth in the Australian Economy.

Dr Philip Laird, Comp IE Aust FCILT University of Wollongong, November 2009

This supplementary submission, like the primary submission made in August 2009, has drawn on research conducted at the University of Wollongong. However, it does not necessarily reflect the views of the University. The main term of reference addressed is "the adequacy of the level of investment in public infrastructure", with a particular reference to land transport.

The main message is that rail productivity needs to improve in Australia and this will require effort on many fronts. This will include a national approach to rail safety and regulation as well as the upgrading of infrastructure.

A central finding of a 1989 report Rail: Five systems, one solution of the House of Representatives Standing Committee on Transport, Communications and Infrastructure was that: "...*The plain fact is that a greatly increased amount of freight could be carried across the continent by rail more efficiently and with greater safety than it ever could be by road. ... If rail were more efficient and carried the amount of freight it should, lives would be saved, less non-renewable resources would be used and less pollution would be generated.....Australia is paying the price of neglect and bandaid solutions in an endeavour to solve problems in its rail systems. ... Rail has been starved of funds and rendered inefficient.* "

It is pleasing to note that some progress has been made over the past 20 years on this front. However, the gains since 1989 have been mixed. The good news is that the East-West corridor linking Melbourne via Adelaide to Perth has been improved and is now working well. Rail now wins just over 80 per cent of the interstate freight in and out of Perth. This success in part is due to Melbourne Adelaide Rail Standardisation which was recommended by the above Committee in 1989 and completed in 1995.

By way of stark contrast, the North South Rail Corridor (NSRC) linking Australia's three largest cities of Melbourne, Sydney and Brisbane has been going backwards since 1989. In 1988-89 according to data from Bureau of Transport and Regional Economics, Canberra 2006 report (Table 6.1, p59) Freight Measurement and

Modelling in Australia Report 112) some 9.78 million tonnes of non bulk intercapital city freight was moved on this corridor, with rail having about a 25 percent modal share. In 2008-09, it would appear that over 23 million tonnes of such freight was moved, with rail's share having fallen to about 25 percent. As a result of rail's poorer performance on the NSRC, an extra 10 million or so tonnes per annum of intercapital city non bulk freight have put onto the Hume, the Pacific and the Newell Highways.

Moving intercapital city freight by heavy trucks has many advantages to the shipper. However, when all costs are considered, it is a high costs option. The costs occur on many fronts, including highway construction to high standards (dual carriageways with strengthened 'rigid' pavements, climbing lanes, and town bypasses), plus social and environmental costs.

As noted by a National Transport Planning Taskforce in 1995 (Report Building for the Job, p11): *"A comparison between the Melbourne - Brisbane and Adelaide - Perth corridors illustrates some of the factors in determining modal splits. Rail moves some 80 per cent of the freight on the Adelaide - Perth corridor where the longer distance favours rail and the quality of the rail infrastructure is relatively good. Double stacking is possible. The road length between Melbourne and Brisbane is 1 570 km, a distance over which rail should be competitive. However, rail only carries 21 per cent of the long-distance freight. Rail traffic has to pass over more difficult terrain than road, through Sydney, and over a distance 24 per cent longer than road...."*

Since 2004, when taking up a long term lease over much of the NSW interstate mainline track, the ARTC has done much good work to improve the Melbourne - Sydney -Brisbane track on its existing alignment. Signalling systems have also been improved. However, the Sydney-Melbourne track is at least 60km longer than it could be and the Sydney-Brisbane track could be reduced in length by 90km (with Hexham - Stroud Road at 97 km capable of replacement by a Karuah Valley 67 km route (as noted on page 116 of the 2007 Neville Committee Report *"The Great Freight Task: Is Australia's transport network up to the challenge?"*)).

The excess length is largely due to the fact that 33 per cent of the 420 km from Junee to Menangle (near Campbelltown) and that 41 per cent of the 962 km from Strathfield to Acacia Ridge (noted by the Neville Committee as "a bit of a goat track") has tight radius curvature. The Neville Committee on page 128 of its 2007 report took the view that "...the greatest need for Australia is *the reconstruction and realignment of the main freight networks.*"

The remedy for such mainline track with substandard alignment is simple, as demonstrated over the years by highway authorities in each state in upgrading interstate highways, and that is to rebuild on improved alignment. This practice has also been followed by Queensland Rail on their North Coast line (about 200 kilometres rebuilt since the mid 1980s) and by rail authorities between Adelaide and Perth over the years. The potential for track straightening Melbourne and Brisbane via Sydney, with rail deviations, has been recognised in many official reports over this decade. The reports include;

- 2001 ARTC Track Audit
- 2004 Auslink White Paper
- 2006 NSRC Study (Ernst & Young)
- 2007 Neville Committee Report
- 2008 ARTC Submission to Infrastructure Australia

Yet track straightening on the existing NSRC seems as elusive as getting a real start of work on the much studied Melbourne - Brisbane Inland Route via Parkes.

As outlined in this writer's main submission, Australia should be making a commitment to both an Inland Route and a much straighter existing NSRC by reserving land for future new track and rail deviations. Both options of an inland route and upgraded coastal should be possible on (increased) population grounds and would give much needed productivity boost to moving freight between Australia's three largest cities. They would also fit well into a good Nation Building Program.

However, to date, although the ARTC has done a good job on upgrading the North South Rail Corridor on its existing alignment, the ARTC have been impeded in the more ambitious projects by the need to balance the books each year. Since 2004, the strategy adopted has been to seek safer track investments of a more incremental nature.

This approach is appropriate for the Hunter Valley track upgrades to support coal exports. It must, however, be questioned for the interstate rail links in Eastern Australia. Indeed, is it possible that under present constraints, an ARTC in 1992 would not have seen able to embark on Melbourne Adelaide Rail Standardisation. In retrospect, this was a nation building project giving rise to a quantum leap in efficiency on East West rail corridor operations. Of particular note is the value adding contribution of Specialised Container Transport (SCT). When they started Melbourne Perth operations in 1995, it was one train a week of about 600 metres. Now SCT run four and sometimes five 1800 metre trains each week. Overall East West rail Intermodal tonnages have doubled over the past ten years.

Under present arrangements, there is no way that the ARTC could have undertaken construction of the Alice Springs-Darwin Railway. Yet, despite some difficulties, tonnages on this line have grown from about 0.6 million tonnes in the first year of operation to about 3.8 million tonnes in 2008-09. The new railway is now assisting in the economic development of the Northern Territory.

The way forward would appear, as suggested in the Weekend Australian for 14-15 November 2009 (“Time to rescue a bruised rail body”; Rail Report page 2) is to reconstitute the ARTC as an Australian Rail Track Authority.

To be effective, the new Authority would need enabling legislation. This should not only require rail track – either owned or held on long term leases, to be not only properly maintained but also upgraded to be fit for purpose and meet future traffic requirements. This legislation should also give the Authority the power to acquire or resume land needed for upgrading existing sectors of track or constructing new sectors.

In addition, the new Authority should be charged with a mandate to get more freight and rail, and, meeting the speed targets set by the Australian Transport Council in 1997, namely for intermodal trains to average 80 kilometres per hour between terminals. Note that on completion of the current ARTC work, the Sydney-Brisbane average speed will be only about 65 km/h.

It is quite possible if the ARTC had been reconstituted as an Authority in 2004, in addition to have completing the work it has done since then, it may have been able to avoid some of the delay that is now affecting the South Sydney Freight Line (SSFL). This includes acquisition or resumption of the some land at a tip near Glenfield.

A further point that an Australian Rail Track Authority could have likely avoided the imposition of a claim for \$360 million by the Australian Taxation Office for three grants received from the Federal Government in 2004, 2005 and 2006 (see page 2 of the 2009 Annual Report of the ARTC).

Finally, whatever structures are in place, Australia needs to take a much more positive view than it has done of the construction of rail deviations of the existing track and an inland route through Parkes. As noted by a July 2009 pre-feasibility study, there would also be advantages in completion of the Maldon Dombarton Link between the Illawarra and the South West of Sydney. Although it is pleasing to see that a full feasibility study is about to proceed (with tenders closing 4 December 2009), the ARTC under its present constraints does not appear to be well placed to advance the concept.