

*Inquiry into the Integration of
Regional Rail and Road
Freight Transport and their
interface with Ports.*

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Inquiry into the Integration of Regional Rail and Road Freight Transport and their
Interface with Ports, 6 September 2006

Key areas to be covered

1. Current Rail & Port Connection Projects
 - LeFevre Peninsula Transport Corridor
 - Melbourne Port- Port@L Strategy
 - South Sydney Freight Access
 - Hunter Valley Investment: Increased Capacity to Port

2. AusLink's Strategic Regional Program

3. Regional and Branch Lines

Current Rail & Port Connection Projects

LeFevre Peninsula Transport Corridor Project

- South Australian LeFevre Peninsula development to reinforce port of Adelaide and the maritime precinct as world class import & export hub.
- \$24m in land based transport development to complement significant investment in Port development.
- Land transport projects include:
 - upgrading & duplication of rail track;
 - construction of rail passing loops;
 - signalling upgrades; and
 - upgrading of road connections.
- Rail improvements result in an increase to 22 train movements per day (increase of 12 per day from current train movements of 10 per day) which results in improved access for grain, minerals and other goods transport.
- Port projects include deepening of harbour and development of deep-sea grain wharf and terminal.

Current Rail & Port Connection Projects

Melbourne Port - Port@L Strategy

- Melbourne Port@L is Victorian Government vision to develop Port of Melbourne, Dynon precinct and transport links as world-class intermodal freight hub.
- Increase the proportion of freight carried to and from Victoria's ports by rail to 30% by 2010.
- Proposed Melbourne Port@L Road and Rail Projects include:
 - Road improvements in the Swanson/Appleton Dock areas
 - Rail enhancements in and between the Tottenham and Dynon terminals
 - Assessment of needs/options for alternative east-west road link
 - Construction of Dynon Port Rail Link
 - Improvements to Plummer Street and Todd Road
 - Coordinated development of outer-urban intermodal terminals

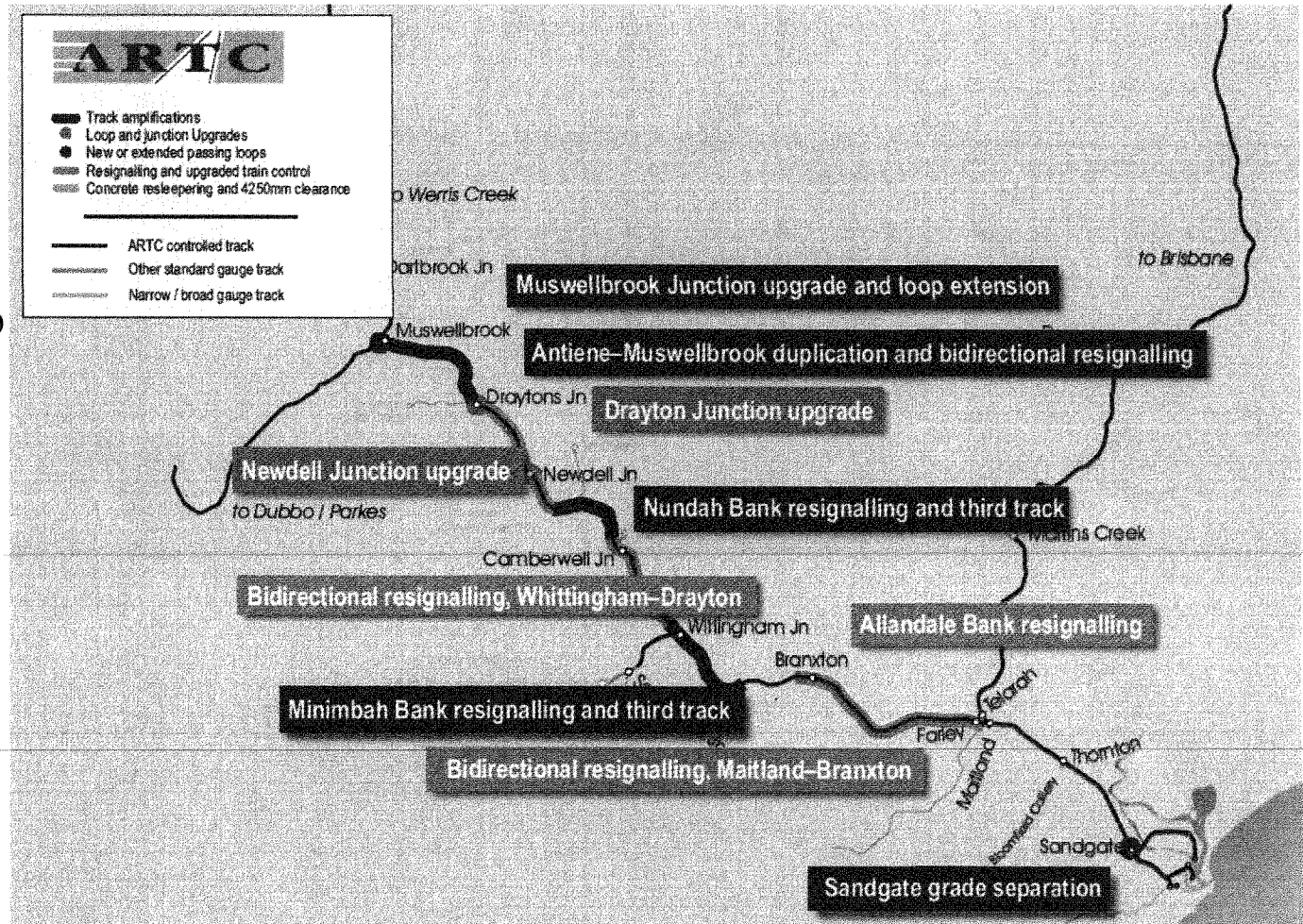
Current Rail & Port Connection Projects

South Sydney Freight Access

- ARTC will invest over \$192 million to build a new southern Sydney access route for freight trains through south-western Sydney metropolitan area from Macarthur to Chullora.
- In conjunction, ARTC proposes to construct the Southern Sydney Freight Line (SSFL), which would provide a dedicated freight line for a distance of 30 kilometres between Macarthur and Sefton in southern Sydney.
- The SSFL would provide a third track in the rail corridor specifically for freight services, allowing passenger and freight services to operate independently.
- SSFL will include:
 - A single track next to the Main South Line between east of Sefton Park and south of Macarthur;
 - Speeds up to 110kmh at 21 tonne axle load and 80kmh at 23 tonne axle load;
 - Train control under direction of ARTC;
 - Train transit from south of Macarthur to Sydney via Sefton Park and Strathfield;
 - Signalling capacity to accommodate forecast train and maintenance requirements; and
 - 1800m crossing loop close to midway between Macarthur and Sefton Park junction.
- Will greatly reduce rail freight bottlenecks through southern Sydney and improve freight transport flows to Sydney ports.

Hunter Valley Investment: Increased Capacity to Port

- At present, Hunter Valley coal rail system into Newcastle Port has annual capacity of 90mTpa. ARTC's Hunter Valley investment of \$385m includes works designed to improve annual coal chain capacity to 160mTpa.
- Outcome of investment in infrastructure is ability of producers to place significant increase in volume through to Port.
- Projects are underway eg. Sandgate scheduled for completion in November.



AusLink's Strategic Regional Program

AusLink's Strategic Regional Program

- AusLink's Strategic Regional Program rewards land transport concepts that support growth of regional industry, respond to structural change or strengthen local social and economic opportunities.
- Total program funding available to local government authorities is \$250 million.
- The following activities are eligible for funding under the Strategic Regional Programme:
 - construction and maintenance works on roads and bridges not on the AusLink National Land Transport Network;
 - construction and maintenance for roads in unincorporated areas (parts of a state or territory where there are no councils and state governments provide local government services);
 - construction works on rail projects and inter-modal facilities not sited directly on the defined AusLink National Land Transport Network; and
 - application of technology towards improving land transport networks.
- The closing date for applications from Councils was 1 May 2006.

Improving Regional Services: Regional Grain Networks

- Vertically integrated and privatised in SA, Victoria and WA.
- Vertically integrated Government ownership in Qld.
- Vertical separation of regional grain infrastructure and privatisation of contestable rail operations in NSW.
- In some states, branchline infrastructure is in poor condition and deteriorating further
- This has resulted from a number of historic and economic realities including:
 - Historical under-investment in the network
 - Low and seasonal volumes on many lines is insufficient to sustain economic return
 - Lack of road and rail infrastructure pricing transparency and equity
 - Historic balance of economic regulation is towards efficiency rather than sustainability

Regional and Branch Lines

Improving Regional Services: Regional Grain Networks

- Inherited maintenance deficit
 - 'Catch 22' situation - rehabilitation cost is well above that which could achieve a viable return; this has arisen from past deterioration of condition and service levels.
 - Cannot be addressed by current private owners requiring a return.
 - May be necessary to recognise some low volume, old lines need to be rationalised - look to more efficient means of transfer (truck, efficient silo capacity near more economic lines).
- Unsustainable economic returns
 - Due to low volume and variability, achievable pricing is simply insufficient to sustain rail operations given the costs involved.
 - A lack of private investment is not surprising given previous government under-investment
- Lack of infrastructure pricing transparency and equity
 - Failure to properly price road places rail at a market disadvantage
 - Cost of road and road transfer is masked in this false economic effect.

Regional and Branch Lines

Improving Regional Services: NSW Regional Branch Line Network

- Currently managed by ARTC on behalf of the NSW Government.
- Very low cost recovery but underpinned by NSW Government funding.
- 15 'restricted' lines - lightly used, poor condition, minimal maintenance.
- Current political (public liability) and market realities (super sites) mean use of all lines with grain loading facilities is uncertain.
- Current level of funding support may not be sufficient to maintain even the status quo on restricted lines.