



SESSION 2— Discussion Paper: Reforming Australia’s Rail Networks

The Bureau of Infrastructure and Transport and Regional Economics (BITRE) will present on the work that they have undertaken with a range of partners to improve road freight movement data to better inform infrastructure investment decisions. BITRE has also recently completed an examination of factors that influence the viability of short haul rail and will present on that analysis.

The latter half of this session will provide participants with an opportunity to input into the development of a national rail work program. Discussion will focus on four reform areas including: access, pricing and interoperability; safety and incident regulation; environmental regulation and corridor protection; and funding and investment. Participants will also be consulted on Australian Government interest in effective development of intermodal terminals and port land side connections and operations.

Presentation: BITRE’s Freight Data Project and report on Short Haul Rail

BITRE’s Freight Data Project: Improved data on road freight movement is being pursued to better inform infrastructure investment decisions. The improved data includes the recently completed ABS Road Freight Survey but also work by BITRE, ABS and industry partners to collate more detailed and timely data from telematics consignment and other administrative data sources (such as customer data).

Short Haul Rail: BITRE has recently completed an examination of factors that influence the viability of short haul rail. The analysis found that, although moving containers short distances is normally cheaper by truck, short haul rail can compete where:

- value adding hinterland terminals can secure sufficient volumes of container movements to and from ports
- there are deficiencies in truck haulage, typically from congested roads
- a coalition of interests (shippers, logistics companies, port owners and governments) are motivated to support short haul rail.

National Rail Policy

The efficient movement of freight is critical in maintaining a strong national economy and Australia’s rail networks play a key role in meeting the national freight task. In November 2015 BITRE projected the cost of metropolitan congestion to rise to around \$30 billion by 2030, using ‘business-as-usual’ projections. Freight rail will need to play a growing role in the movement of goods between ports and inland freight terminals, and in the movement of containerised and general freight over longer distances. Recognising that rail is part of a multi-modal supply chain, more effort will be needed to develop intermodal strategies to increase freight on rail.

It is acknowledged that industry is best placed to adapt and respond to market demands. However, the role of governments in supporting and providing leadership to industry should not be overlooked, particularly given their roles as key investors in major infrastructure projects and their responsibilities for delivery of rail services.

National Rail Work Program

In 2015, the Transport and Infrastructure Senior Officials’ Committee (TISOC) agreed to the development of a national rail work program to guide future rail reform and activities in collaboration with industry and governments.

A workshop convened in early March 2016 attended by jurisdictions, the Office of the National Rail Safety Regulator, the National Transport Commission and Infrastructure Australia identified four broad reform areas for consultation with industry:

a) Access, pricing and interoperability

Key freight productivity concerns including third party access, increasing port and grain rail use and promoting standards, strategies and arrangements that support better cross-modal connections.

b) Safety and incident regulation

Removing derogations to the National Rail Safety Law and the alignment of rail industry fatigue, drug and alcohol, and other medical regulations.

c) Environmental regulation and corridor protection

Implementation of coordinated approaches to environmental regulation for the rail sector – for noise, dust and other emissions and noxious weed control.

d) Funding and investment

Collaboration on planning and investment across network interfaces, and consultation regarding Commonwealth research on intermodal terminal and precinct development.

The workshop also agreed to support establishment of national rail performance measurement and management processes to allow a greater understanding of freight and dynamic system planning.

The work now moves to the development of a formal national rail work program which will include a targeted consultation process with industry.

Questions for discussion

- Have jurisdictions identified the right reform areas?
- What other reform areas would industry expect to see on the national rail work program? With government support as necessary, what activities would industry be prepared to take the lead on?
- Differing standards and/or lack of harmonisation between rail infrastructure managers was a strong theme at the workshop. How much of a burden do different operating standards have on rail users? What is preventing operational harmonisation of clothing and signalling standards?
- In terms of government barriers, are the costs of differing access regimes significant and will simplifying rail access arrangements and regimes result in a significant difference to rail productivity?

Increasing Freight on Rail and Port Rail Services

The national rail work program will incorporate work underway by jurisdictions, which includes ensuring freight policies reflect the need for greater use of rail in port operations. There is a growing recognition that freight rail, previously seen as suited only to long distance and bulk freight, will need to play an increasingly important role in the movement of goods short distances (short haul) between ports and inland freight terminals if adequate landside access to ports is to be maintained.

As will be discussed in the presentation by BITRE at the Dialogue, current research indicates that the success of short haul rail depends heavily on the economic viability of intermodal terminals. Suggested steps for governments include supporting the development of an efficient port interface to serve the intermodal system, an efficient and reliable rail service, and land use policies that ensure freight and logistics precincts are co-located with intermodal terminals.

Jurisdictions also agreed to ensuring freight policies reflect the need for greater use of rail in rationalising and reinvigorating grain networks. The Commonwealth envisages that Inland Rail would encourage increased use of regional freight rail, including grain rail.

The increasing use of containers is being driven by several factors, including servicing high value niche commodity markets and also servicing newer overseas markets that do not have bulk grain handling infrastructure facilities. The impact of increasing containerisation of grain on rail transport is far from clear – port-side containerisation facilities (such as at Geelong and Brisbane) will still rely on bulk movement of grain to port prior to containerisation, favouring rail. Grain containers moved from up-country containerisation facilities could use either rail or road transport for movement to the port.

In recognising the importance of intermodal facilities, governments are becoming more focussed on strategic planning in this area. The Department will shortly begin research on rail, which will likely include seeking advice on two main streams:

- The future of national and regional intermodal terminals and precincts; and
- Optimising the use of rail in landside port transport networks.

Questions for discussion

- What can governments (across the three levels) and industry do to increase freight on rail to and from the port?
- What should government's role be in metropolitan, and regional, intermodal networks?
- What are the most important issues when considering the development of intermodal facilities?