RAIL

INLAND RAIL

Inland Rail is critical to Australia’s freight future given the expectations of the growth in the freight task. The Inland Rail Business Case has now been positively assessed by IA and the project has been included on the Infrastructure Priority List.

The business case confirmed economy-wide modelling showing that Inland Rail will increase gross domestic product by $16 billion during its 10 year construction and the first 50 years of operation. It is therefore important to look at this project in a holistic and genuinely national manner.

For instance, IA identified a dedicated freight rail connection to the Port of Brisbane as a High Priority Initiative in its 15 Year Infrastructure Plan.

A holistic approach to Inland Rail would suggest that government should support a dedicated freight rail connection to the Port of Brisbane.

The Port of Brisbane is a vital economic asset for Queensland and for the nation, most particularly for agricultural and resource sector exports. Its importance will increase significantly in the years ahead, with international demand for Australian export products expected to rise.

The best way to reap the full benefits from the substantial public investment now being made in Inland Rail is to undertake the work that will seamlessly link this project with the Port of Brisbane.

To achieve this, it will be necessary to preserve a corridor that will permit an alternative, dedicated freight rail connection from the Inland Rail route right through to the Port of Brisbane.

This will not only improve the reliability of Inland Rail, but forms an important element of reducing congestion on Brisbane’s passenger rail network, by establishing a separate track for freight.

Infrastructure Australia estimates potential savings of up to $66 million on the cost of constructing such a link could be achieved if governments act now to protect this freight corridor. Of course, it is equally important to preserve land and corridors in Melbourne, to permit development of an interstate freight terminal that will enable a port-to-port connection for Inland Rail.

Inland Rail will also ultimately encourage the development of inland rail hubs, and so it follows that the holistic approach would encompass encouraging the delivery of efficient rail connections from these inland hubs to the NSW ports of Newcastle, Port Botany and Port Kembla.

Such an approach will permit users to choose the best and most efficient freight chain to move goods from generation point to port and will also reduce the restraints on double stacking particularly between Parkes and Sydney.

Finally, to provide the freight logistics industry with the certainty it needs to make investment choices relating to Inland Rail, it is imperative that the alignment of the route is finalised as soon as possible. Continuing delays on this aspect of the project are a major concern for industry.

The Inland Rail Route was surveyed and planned seven years ago, in 2010, and the business case for Inland Rail was developed based on that route. Consequently, many organisations have made investment decisions about locating new freight infrastructure based upon that route. This includes projects such as InterLinkSQ’s intermodal facility, which is already under construction near Toowoomba.

To alter the planned route now would retrospectively penalise those investors, undermine the business case for Inland Rail and risk yet more delay to a project that has already been decades in development.

SHORT HAUL RAIL

Many ALC members are committed to operating in this market sector.

Moving more freight to rail, where it makes sense commercially, has the potential to significantly improve freight efficiency, while at the same time, improving urban amenity, reducing road congestion and decreasing queuing times at ports.

Accordingly, it is important that government has in place the capacity to identify projects that can facilitate these productivity enhancing outcomes.

This includes investing in and promoting projects such as the duplication of the Port Botany rail line, which will assist in addressing Sydney’s rising congestion issues and support the NSW Government’s vision to double the amount of freight moving to and from Port Botany by rail, which currently sits at 19.3%; and NSW Ports’ target to move 3 million TEU by rail over the longer term.
Moreover, BITRE has recently published a report entitled Why Short Haul Intermodal Rail Services Succeed, which found that vibrant value adding hinterland terminals can secure the traffic volumes that are required for short haul rail to have competitive line haul costs.\(^\text{28}\)

BITRE also reports that relative competitiveness is strengthened when there are deficiencies in truck haulage and that a coalition of diverse interest groups may seek, and thus support, vibrant terminals and complementary rail services. Governments are making tentative steps towards investing in suitable projects.

These are all considerations that need to be recognised when determining if short haul rail services can become a competitive option.

The proposed Port Rail Shuttle in Victoria is one such example. The federal government committed $38 million to the Port-Rail Shuttle project in Victoria, topped up by $20 million from the Victorian Government, which will create a rail connection between the Port of Melbourne and three inland ports.

The Inquiry should recommend greater government focus and investment in the use of port shuttle/short haul rail infrastructure as a means to improve supply chain efficiency and reduce congestion.

On a related note, the Inquiry should recommend governments (at all levels) work to ensure rail access to major ports.

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**RAIL ISSUES GENERICALLY**

More generally, industry members see that a greater harmonisation in rail regulation would make it easier for operators to meet regulatory requirements, particularly around safety and environmental issues.

During 2014 and 2015, work was directed towards developing what was originally called a ‘national rail vision’, which then turned into a discussion on the Australian Government’s Freight Rail Objectives.

Some of this work canvassed issues such as greater harmonisation within the rail industry as well as the broader role of rail in the freight effort.

The Transport and Infrastructure Council published a summary of proposed rail activities as part of what was called a National Rail Work Program contained in a document called National Rail Vision and Work Program.\(^\text{29}\)

The issues canvassed in this paper were frequently raised throughout the discussions that ALC has held with stakeholders on the contents of the National Freight and Supply Chain Strategy.

Regrettably, despite widespread industry support, the push for a national rail freight agenda seems to have stalled in recent times. The Inquiry should recommend that this process be reinvigorated by government.

As a point of principle, the Commonwealth should insist that as a condition of receiving funding for rail projects, no additional level crossings be incorporated in the design of projects.

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**TRACK SEPARATION**

One area not canvassed in the National Rail Vision, but raised by industry participants, is track separation.

In a perfect world, the infrastructure used to transport freight would be entirely separate from the infrastructure used for passenger and private transport.

The reality is that most transport infrastructure in Australia is used for both freight and passenger transport.

Roads are the obvious example - when trucks, buses and cars use the same roads, it leads to congestion and increases the chances of a road accident occurring.

The separation of freight and passenger transport infrastructure should be a desirable outcome for the Australian Government. The benefits of separation, for both freight and passenger transport, include travel time savings, increased efficiency and increased safety.

To that end, freight rail projects that also deliver such benefits for passenger rail networks should be eligible to receive funding support from the Commonwealth Government’s National Rail Program for rail projects in urban areas.

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**TRAIN/NETWORK MANAGEMENT SYSTEMS**

Productivity improvements and effective technological development and implementation are critical to ensure the freight rail sector continues to be an efficient and effective transportation mode.

Given the high-cost outlay required to adopt new technologies, government support is required to ensure uptake and investment continues. A nationally consistent approach to network control and communications management systems has the capacity to provide the industry and economy with better transport outcomes by:

- improving the capacity of the rail network;
- enhancing operational flexibility;
- increasing train service availability;
- improving transit times and rail safety, and
- upgrading system reliability.

ARTC’s Advanced Train Management System (ATMS) is an example of a project that has the potential to transform the way freight rail infrastructure is both managed and monitored.

The Inquiry should recommend the Commonwealth make investments to support its development, to drive greater safety and productivity in the freight rail industry in the interstate network once in operation.

**STANDARDISATION OF RAIL FREIGHT NETWORK**

Both track quality and gauge have a significant impact on rail freight services and create restrictions on a range of operational conditions, including maximum speed, loading and use of a single set of rolling stock across the network.

Due to the historical development of Australia’s rail network, gauges were developed around a state-based transport need and today remain disjointed. This results in barriers to competition, efficiency and capacity.

To address this, ALC recommends moving towards standard gauge conversion, where possible, when considering rail freight network enhancements.

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**RECOMMENDATIONS – RAIL**

24. The Inland Rail project proceed so as to ensure a fully integrated capacity to move freight seamlessly between the Port of Brisbane and the Port of Melbourne (including preserving the corridor for the alternate freight rail connection to the Port of Brisbane), as well as the development of inland rail hubs to encourage efficient rail connections between these hubs and the NSW ports of Newcastle, Port Botany and Port Kembla.

25. The Inquiry should recommend greater government focus and investment in the use of port shuttle/short haul rail infrastructure as a means to improve supply chain efficiency and reduce congestion.

26. Governments (at all levels) should ensure rail access to major ports.

27. As a matter of urgency, funding should be provided for the duplication of the freight rail line at Port Botany.

28. Work on the National Rail Vision should be expedited, with a view of establishing a national freight rail policy by no later than 31 December 2019.

29. The issue of track separation should be given heightened importance in the development of any such national freight rail strategy.

30. Freight rail projects which also deliver substantial benefits for passenger rail should be eligible to receive funding support from the Commonwealth Government’s National Rail Program for rail projects in urban areas.

31. The Commonwealth should provide additional investments to facilitate the harmonisation of digital train/network management systems.

32. The Inquiry should recommend governments move towards standard gauge conversion, where possible, when considering rail freight network enhancements.