



Association Number A03958 | ABN 64 217 302 489

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# AUSTRALASIAN RAILWAY ASSOCIATION SUBMISSION

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To

The Department of Infrastructure and Regional  
Development

On the

Inquiry into National Freight and Supply Chain  
Priorities



# ABOUT THE ARA

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The Australasian Railway Association (ARA) is a not-for-profit member-based association that represents rail throughout Australia and New Zealand. Our members include rail operators, track owners and managers, manufacturers, construction companies and other firms contributing to the rail sector. We contribute to the development of industry and government policies to ensure Australia's passenger and freight transport systems are well represented and will continue to provide improved services for Australia's growing population.

## EXECUTIVE SUMMARY

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The ARA thanks the Department of Infrastructure and Regional Development for the opportunity to provide this submission. This submission is intended to complement the consultation session ARA held with the Department on 31 May 2017 in Canberra.

The ARA supports the development of a national strategy to guide long term decision making and investments by industry and government. The movement of freight, particularly in relation to rail, is a national issue and therefore requires a national approach.

Whilst the development of state freight strategies has, and will continue to be, important tools to drive supply chain efficiencies across jurisdictions, a national plan is needed to deliver the greatest productivity gains.

This need is underscored by the future freight challenges facing Australia. Australia's freight task is expected to grow by more than 80 per cent between 2011 and 2031 and Australia's population is projected to increase to 30.5 million by 2031.

In its 2015 Infrastructure Audit, Infrastructure Australia also examined increases over the next 30 years in Australia's containerised and non-containerised freight task – see below.

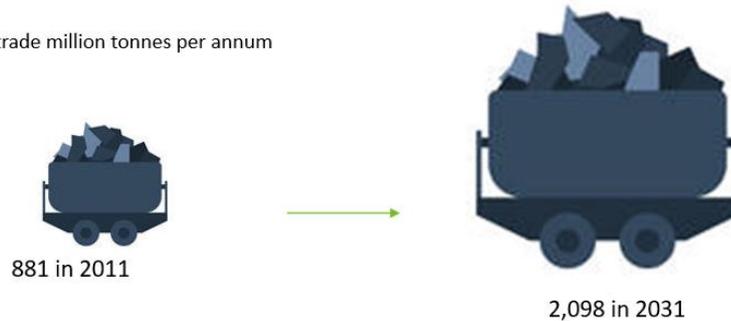
Containerised trade '000 TEUs per annum

**165% increase**



Non-containerised trade million tonnes per annum

**138% increase**



Improving the efficiency and productivity of Australia's rail freight supply chains is critical to meeting this freight demand and improving liveability, particularly in our cities.

The underlying principle of a multi modal approach to freight supply chains is the ability to use the right mode of transport for the job. The right mode should be utilised for the task at hand taking into consideration the economic, environmental, reliability and safety performance of that mode.

To support the selection of the right mode, the Federal Government must ensure that the freight market is established and regulated in such a way that adequately recognises safety, environmental and economic considerations.

The aim of the National Freight and Supply Chain Strategy should be to create a competitive, efficient and cost-effective freight transport system, based on the concept of ensuring competitive neutrality underpins government decision making when competition exists between modes.

This submission outlines 10 key issues the ARA has identified which it considers should be priorities in the National Freight and Supply Chain Strategy:

- 1. Reform Delivery**
- 2. Commitment to a Competitively Neutral Policy Approach**
- 3. A National Framework for Corridor Protection**
- 4. Equitable access pricing for road and rail**
- 5. Efficient Infrastructure Investment**
- 6. Maximising efficiency on the existing network**
- 7. Addressing externalities**
- 8. Supporting technological developments**
- 9. Addressing jurisdictional inconsistencies**
- 10. Access / Separation**

## KEY RAIL FREIGHT ISSUES

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### 1. Reform delivery

Recommendation 1.1 of Infrastructure Australia's *Australian Infrastructure Plan* recommended the establishment *Infrastructure Reform Incentives*, linking additional infrastructure funding to the delivery of reform outcomes. The intention of the mechanism was/is to encourage governments to deliver productivity enhancing reforms, with the incentives being tied to the delivery of key reforms recommended in the Plan, including microeconomic reform of the transport sector.

Whilst noting the Government's response to the IA plan, ARA believes the Government should embrace this approach in the National Freight and Supply Chain Strategy as a general principle. Linking future infrastructure funding to the delivery of reform outcomes is needed to drive productivity gains. This includes a greater focus on integrated land use planning at the jurisdictional level to achieve better planning outcomes for freight and adequate recognition of the social and economic benefits of rail.

As part of this, jurisdictions should be obligated to report back to the Council of Australian Governments (through the Transport and Infrastructure Council) on progress to implement proposed reforms set out in the National Freight and Supply Chain Strategy. This is an important first step in formally linking state and federal infrastructure plans. Furthermore, TIC should require existing state freight strategies to be updated (or, where necessary, to be developed) to ensure there is meaningful change at the state and territory level with regard to initiatives outlined in the Strategy.

## **2. Commitment to a Competitively Neutral Policy Approach**

ARA believes the Strategy should commit the Government to a competitively neutral policy making approach.

Whilst acknowledging the intrinsic differences between modal choices in the movement of goods, domestic freight markets should operate as far as possible on a level footing by having either:

- An equitable and comparable regulatory environment; or
- Competitive neutrality between competing modes of transport.

Policy and regulatory neutrality is particularly important when considering infrastructure pricing for road and rail freight (see section 4 – *Equitable Road and Rail Pricing*). The road and rail infrastructure charges for these two freight modes are determined and paid for via two very different mechanisms;

- Road freight is charged for road infrastructure via heavy vehicle registration charges and fuel excise
- Rail freight is charged for freight rail infrastructure via rail freight access charges (either regulated or commercially negotiated) based on the cost of funding, maintaining and operating the rail freight infrastructure.

The ARA notes Recommendation 15 of the 2015 National Competition Policy Review was for Australian governments to review their competitive neutrality policies to respond to concerns raised by Australian businesses. ARA understands Treasury is

undertaking such a review. The ARA trusts the review will reinforce the Government's commitment to promote efficient, competitive, fair and consistent treatment between different parts of the economy, and that the National Freight and Supply Chain Strategy will embrace these fundamental principles. Adequate recognition of the social and economic benefits needs to be considered in any competitive neutrality equation.

### **3. A National Framework for Corridor Protection**

The discussion paper appropriately points out that freight corridor protection, for current and future use, is vital to ensure the seamless transition to a future where the freight task will be 80 per cent greater in 2030 than the task in 2010.

To accommodate Australia's accelerating population growth, it has become necessary to increase urban density and utilise surplus lands in and around our major cities. The growth in demand for residential land has impacted on the efficient utilisation and growth of key rail freight infrastructure.

Sydney, for example, suffers from significant bottle necks in both its passenger and rail freight networks, yet faces land restrictions when trying to address these bottlenecks. As a result, rail freight is increasingly coming into conflict with inappropriate urban development. For example, urban encroachment is inhibiting NSW Ports' future growth plans, with the zoning of adjacent land being altered from industrial to commercial and now commercial to residential.

#### ***Case Study 1 – Port Botany Urban Encroachment***

*Container traffic at Port Botany is forecast to rise between 7.5 million and 8.4 million containers a year by 2045, heightening the need for the Port to grow and for the protection of nearby zones to allow for increased traffic and customers to locate near the terminals.*

*However, urban encroachment and pressure from higher value land uses such as residential, retail and commercial uses are impacting on the supply of industrial land close to Port Botany in Sydney. The consequence of reduced industrial land supply around the Port has led to an increase in interface issues between the Port and surrounding residential areas.*

*Noise related complaints have been received from residents up to two kilometres from the Port. In 2015, 124 hectares of industrial land was rezoned in the Southern Sydney Employment Lands precinct for residential and business uses. In addition to rezoning pressures, the subdivision of existing large industrial lots smaller than two hectares reduces the availability of suitable land for container related uses.*

*Source – NSW Ports 30 Year Masterplan*

The growing land use pressures around Port Botany is symptomatic of the ever increasingly urban encroachment challenges faced by the rail freight sector. Over many years, there has been inadequate protection of key freight infrastructure, freight nodes and key infrastructure facilities, such as Port Botany.

The benefits of improved freight corridor protection measures are evidenced by the recent Infrastructure Australia report *Corridor Protection – Planning and Investment for the Long Term*, which concluded that improvements in long-term infrastructure planning is an important means of lowering the cost of new infrastructure. In its report, IA found corridor protection and early acquisition could save up to \$10.8 billion across seven projects on the 2016 Infrastructure Priority List. This included key rail freight projects; the Port of Brisbane Freight Line, Hunter Valley Freight Line and Western Sydney Freight Line.

The ARA notes the Government's commitment to addressing this issue, including the work of the Transport and Infrastructure Council to share current approaches and leading practice in the protection of land transport corridors and precincts.

ARA also acknowledges the alignment of planning strategies and transport strategies to protect important transport corridors for future uses is intended to be a component of the Smart Cities Agenda, specifically under the City Deals mechanism.

To support this however, a national framework is needed to support and drive sustainable outcomes in this area.

It is noteworthy that in response to recommendation 9.4 of Infrastructure Australia's *Australian Infrastructure Plan* to establish effective corridor protection mechanisms, the

Australian Government supported the recommendation, but also noted corridor protection is also a matter for state and territory governments. The ARA suggests the provision of federal funding for infrastructure projects should be contingent on jurisdictions implementing adequate corridor protection measures set out in the framework to achieve more efficient infrastructure investment, and to facilitate nationally consistent outcomes.

The inconsistent jurisdictional approach that exists to corridor prevention underscores the need for a national framework which IA has suggested, should guide governments to

- prepare agreed, robust plans
- prepare feasibility studies on the corridors arising from those plans
- establish joint funding and governance arrangements to protect and capture the value in those corridors.

ARA encourages the Federal Government to adopt IA's recommendation for a national framework for corridor protection with a focus on shared investment in corridor protection. The ARA would welcome the opportunity to provide input to this process, drawing upon its work to develop and update a pipeline of key rail infrastructure projects and opportunities across Australia.

#### **4. Equitable Road and Rail Pricing**

As outlined in ARA's submission on the Independent Price Regulation of Heavy Vehicles, the growth of the rail industry, and its ability to accommodate the increasing transport task, depends on rail's ability to operate efficiently.

For rail to continue to strengthen its role in supply chains in Australia, it needs to be both competitive and integrated – an item that has been advocated by the ARA and the Freight on Rail Group for some time. A key issue the rail freight industry is pursuing is the introduction of direct heavy vehicle user charging and investment reforms to create a level playing field between rail and road.

There are a number of markets where road and rail are in direct competition, as their freight services are directly substitutable in inter-city and container freight markets.

However, the two land freight modes are subject to different pricing and regulatory frameworks.

Rail access charges generally work on the principle of cost recovery while road pricing, via the PAYGO<sup>1</sup> formula, does not recover full costs from heavy vehicles, nor is funding attributed across the jurisdictions. This leads to a disparity in costs where rail service providers must spend a greater proportion of their operating costs on rail access charges than heavy vehicle operators. As such, the current road pricing and investment model does not lend to competitive neutrality between land transport modes. Adequate recognition of the social and economic benefits of rail need to be considered in this context.

Pricing reform is necessary to address this inefficiency in the current system. The current transport regulatory environment hinders competition and thus, is counterproductive for future innovation and business growth. Reform in this area is critical also to ensure the Inland Rail project reaches its full potential.

Creating an economically competitive level playing field for road and rail freight providers is the highest priority issue for the rail freight industry and in ensuring Australia's productive capacity to maintain international competitiveness. It should also be a primary goal of government.

The ARA recommends that road pricing reform be based on a mass-distance-location charging system for heavy vehicles weighing more than 4.5 tonnes, and operating on the major freight routes (i.e. national highway and state arterial roads). Reform in this area is needed to underpin the efficient use and supply of land transport and to support a more productive, efficient and sustainable transport network. The reform should involve the use of in-vehicle telematics technology to measure road usage and pricing determined on a building block regulatory pricing model (including Regulated

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<sup>1</sup> Heavy vehicles over 4.5 tonnes are charged an annual registration charge and also pay a Road User Charge which is levied on each litre of diesel fuel. This charging framework is known as Pay As You Go (PAYGO).

Asset base), subject to approval by economic regulatory arrangements agreed by governments and industry.

To support this, the ARA recommends appropriate investment by the Commonwealth to progress work being undertaken by the Federal Department of Infrastructure with jurisdictions to identify options for an independent economic regulator of heavy vehicle charges and to trial elements of heavy vehicle road reform.

The National Freight and Supply Chain Strategy provides an important opportunity for the Government to send clear price signals to heavy vehicle users of road infrastructure based on the introduction of direct charges that fully reflect the actual costs of road infrastructure access and use.

## **5. Efficient Infrastructure Investment**

The rail industry encourages cost effective investment and recognises the need to invest in infrastructure that will maximise social, economic and financial outcomes for Australia. ARA therefore seeks investment in rail infrastructure where current and expected demand is high, where supply chains are facing capacity or bottlenecks, and/or where the infrastructure promotes interoperability between rail networks and control systems and rolling stock.

Historic underfunding of rail freight infrastructure by successive governments at both the federal and state levels has, and continues to affect timeliness and reliability. There are several instances where the current state of rail track infrastructure inhibits optimum rail speed levels (for example, in NSW – see case study 2 below, provided by an ARA member)

### ***Case Study 2 – Infrastructure Deficiencies***

*In certain areas of NSW there exists much track infrastructure requiring a low axle load which requires lighter loading of wagons in order to comply, and in some areas the use of small branch line locomotives which are now very aged and difficult to obtain without investing in new equipment.*

*For 100 tonne wagons companies must 'light load' to a maximum of 76/81/92 tonnes dependent upon the load point and the corridor of operation.*

*It is also worth noting there are more services on the main line networks in regional areas due to high export seasons and additional growth with customers now using the network which now requires additional loops strategically located on these networks to allow for crossing movements to cope with current and future volume growth.*

*A good example of lack of capacity is on the Main West between Lithgow and Dubbo, between Cootamundra and Stockinbingal and on certain days between Stockinbingal and Parkes where it is difficult to attain reasonable paths and often no paths available at all. Due to restrictions on the track between Berry and Bomaderry (Class 2 track) companies can only load 2 containers on a 3-container capacity wagon which means they are restricted to 80 containers on their service which has the capacity for 120.*

*The network owner (Transport for NSW – ASA division) will not authorise to operate the service with the additional container on each 60-foot wagon (with 3 containers gross mass equates to 88 tons) yet 134 tonne locomotives and 100 ton fully loaded flour wagons already operate on the same track. This is a 33% port efficiency that could be gained with minor capital works.*

The aim of the National Freight and Supply Chain Strategy should be on maximising performance and efficiency in the provision of freight services, and in so doing, targeting these 'weak spots'.

Government investment must also focus on achieving value for money for governments and customers. This underscores our strong support for Infrastructure Australia and the need to ensure projects meet rigorous cost benefit analysis principles before receiving public funding.

In this context, investing in projects like the duplication of the Port Botany rail line will help address Sydney's rising congestion issues and support the objective of the New South Wales Government to increase rail share to and from Port Botany.

Achieving these objectives will help to ensure significant improvements in freight transport's productivity and ensure that the vision of an integrated, multi-modal system will provide Australia with safe, environmentally friendly and cost-effective freight transport solutions.

The National Freight Strategy should advocate, and fully embrace, a multi-modal solution to Australia's freight challenges.

Rail, by virtue of its economic and social benefits, must be at the core of this approach. It is the most cost-effective mode of land freight transportation for long haul journeys, and delivers superior social benefits in the areas of road safety and carbon emissions when compared to road. For example, the ARA estimates that one freight train from Melbourne to Sydney replaces 110 semi-trailers travelling on the Hume Highway.

ARA supports Government actions to utilise all modes of transport in the most efficient way possible, from both a regulatory and investment perspective.

It follows therefore that the ARA is supportive of the concept of targeting infrastructure investment towards projects which deliver greatest economic benefit, adopting a 'corridor approach'. Future corridor design must consider the potential need for a multi-modal outcome involving both road and rail, with most supply chains relying on both networks to reach their markets and customers.

Notwithstanding the Government's recent commitments in the 2017 Federal Budget to a number of important rail freight projects, notably the additional \$8.4 billion committed for the construction of the Inland Rail project, rail freight has historically been under-funded when compared to governments' investment in road networks.

The National Freight and Supply Chain Strategy provides the Government with an opportunity to reinforce its commitment to rail freight infrastructure investment. The Strategy should seek to redress this imbalance and seek to achieve a more equal split (i.e. 50/50) in future funding commitments to support rail playing a greater role in land transport.

This includes investment to optimise existing infrastructure to achieve enhanced productivity, and new capital expenditure.

Given the severe road congestion in and around Australia's ports and major arterial roads, funding must be focussed on alleviating road congestion and boosting freight efficiency in our major cities. ARA particularly encourages stronger federal support to improve port connectivity and to fund rail to port precincts to provide opportunities for freight to move to ports from urban intermodals and regional areas more efficiently. This need extends to all of Australia's major ports in our cities, most notably Sydney, Brisbane and Melbourne. Port shuttles are a key part of this, along with the development of efficient intermodal hubs as a way of reducing road congestion, enhancing safety and improving urban amenity.

## **6. Maximising Efficiency on the existing network**

The rail freight industry is committed to ensuring its product offerings meet the dynamic needs of its customers, based on service, reliability, quality and price. One of the main challenges faced by the rail freight industry in meeting these objectives is ensuring the timely delivery of freight services to intermodal depots, ports and other logistics facilities. This is often compromised by a range of factors outside the control of rail operators, including, but not limited to:

- passenger rail services, maintenance vehicles and passenger backup rolling stock being afforded priority over freight movements in urban areas
- different network owners
- the state of regional track infrastructure
- a lack of rail paths and due to different network owners, difficulty in aligning paths between adjoining owners

Overcoming these obstacles is integral to the improving supply chain efficiency.

ARA believes a priority action for state and federal governments should be the separation of freight and passenger lines. According to the National Transport Commission<sup>2</sup>, across Australia's five largest cities, there are approximately 500

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<sup>2</sup> Who Moves What Where, National Transport Commission  
[https://www.ntc.gov.au/Media/Reports/\(D62E6EFC-36C7-48B1-66A7-DDEF3B04CCAE\).pdf](https://www.ntc.gov.au/Media/Reports/(D62E6EFC-36C7-48B1-66A7-DDEF3B04CCAE).pdf)

kilometres of shared passenger and freight lines. As a proportion of the total metropolitan route length, Sydney and Brisbane have the most shared passenger–freight track at 42% and 47% of the network, respectively.

CITY	PASSENGER ONLY LINES	FREIGHT ONLY LINES	SHARED PASSENGER/ FREIGHT	TOTAL
Sydney	190	70	156	416
Melbourne	232	59	171	462
Brisbane	90	81	140	311
Adelaide	126	62	30	188
Perth	173	121	1	295

Compounding these network pressures are decisions to extend passenger service curfews (i.e. exclusive use by passenger services). For example, in Sydney, the passenger peak curfews will be extended from November 2017 to 4 hours in the morning and 4 hours each weekday afternoon. As a consequence, freight will operate on the network for 8 hours each day, and effectively lose 8 hours operating capacity.

In Sydney too, the priority for freight trains runs fourth, behind passenger services, maintenance vehicles and backup passenger rolling stock.

According to Infrastructure Australia<sup>3</sup>, between 2011 and 2031, almost three-quarters of our population growth will occur in Sydney, Melbourne, Brisbane and Perth. This means our biggest four cities will collectively need to accommodate 5.9 million more people. This will place significant demands on our passenger rail services and further exacerbate the challenges faced by rail freight in our capitals.

This underscores the need for greater government focus to separate freight and passenger lines to enable a clear passage for both freight and passenger train movements and to improve both the efficiency and reliability of freight and passenger services. This could be complemented by an investigation into peak spreading to look at ways to move heavy vehicles out of peak periods which puts additional strain on the network.

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<sup>3</sup> Australian Infrastructure Plan, Page 6.

ARA welcomes government investment to address this issue. The Torrens Rail Junction Project, for example, provides a template for the benefits that will potentially flow from separating passenger and freight services. More needs to be done at both the federal and state levels to address this issue.

ARA members also report constraints resulting from limited path availability and restrictions on timing, particularly on the Sydney network, which hinders their ability to operate efficiently.

## **7. Addressing externalities**

It is estimated that the cost of road externalities is in the order of seven times the cost of rail externalities for interstate non-bulk freight transport<sup>4</sup>. Negative externalities such as noise and air pollution from trucks impose costs on residents near highways, but there is no market transaction between residents and the users of the truck services.

The Strategy should encourage governments to identify in their decision-making processes all externalities associated with the movement of freight. Where possible, externalities, such as:

- environmental costs, such as emissions, noise and land use
- safety costs, such as fatalities, injuries and property damage
- congestion and its associated costs
- avoided road maintenance costs

should be identified and internalised where possible. If the transport decision making process cannot internalise these costs, governments should ensure that the mode that exhibits the best safety and environmental performance receives incentives or subsidies to ensure the community enjoys the benefits of this superior performance.

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<sup>4</sup> Cost Recovery in Road and Rail Transport,  
<http://www.aph.gov.au/binaries/library/pubs/rp/1999-2000/2000rp28.pdf>

The ARA has previously advocated for a review to quantify the cost of transport externalities and to make recommendations on ways to internalise these externalities. While research has been undertaken on individual externalities, such as environmental degradation, air pollution, congestion and safety, ARA is not aware of any study or review which has consolidated these and other research efforts to internalise these externalities. The ARA would support the National Freight and Supply Chain Strategy addressing this policy gap by providing the funds needed to consolidate this research and constructing policy frameworks or mechanisms accordingly.

## **8. Supporting Technological Developments**

In the light of a rising freight task, a 'business as usual' approach in the future in the freight transport industry will no longer be sufficient to ensure Australia's international competitiveness. New and emerging trends will have a direct and significant impact on rail freight operations, and will bring with them significant opportunities and challenges for both above and below rail operators. Ferrier Hodgson has outlined some of these potential developments:

### ***Case Study 3 – Digitalisation***

*Digital solutions offered by blockchain, which enables data to be exchanged across the internet without going through a trusted third party, will remove the need for intermediaries in the transport system, unless they provide other value for customers. Networks of connected assets will provide opportunities for making transport more efficient, as well as providing vast amounts on all modes of transport from transporting raw materials to the finished product. Drones by 2050 will be an integral part of the transport system, including prolific use of autonomous trucks, cars, ships and planes. These will use the traditional modes, and open-up new routes that have not been previously accessible under human control. Multimodal logistics hubs will ultimately provide efficient solutions for 'last mile' deliveries, complemented by a proliferation of local kiosks embedded in high use areas such as local schools, supermarkets and transit stations.*

*Source: Look Out, Here the Comes Future, Transport 2050*

The rail industry is committed to embracing, and investing in, new and emerging technologies to help facilitate productivity improvements across the sector, and in addition, to achieve greater interoperability between network operating systems to support efficiency gains.

ARA notes the Commonwealth's *National Policy Framework for Land Transport Technology* aims to foster an integrated policy approach by governments to develop and adopt emerging transport technologies to achieve improved transport safety, efficiency, sustainability and accessibility outcomes

Notwithstanding this, the ARA believes there is scope for the Commonwealth and industry to work more closely together to harness the benefits of new technology and innovation. For example, there are opportunities to:

- work together to develop schemes to foster and implement innovate processes and systems and adopt new technology, including the trial of emerging technologies
- encourage new workplace technologies and systems, including automation processes to support greater efficiency in transport operations.

ARTC's Advanced Train Management System (ATMS) discussed in the case study below is an example of government seed funding for a project that has the potential to revolutionise the freight rail industry in the interstate network once in operation.

#### **Case Study 4 - Advanced Train Management System (ATMS)**

*To remain competitive, ARTC is developing a new communications-based safeworking system, the ATMS, which should be ready to be rolled-out within the next few years.*

*ATMS is an example of technology that has the potential to increase efficiency, safety and productivity for the rail sector. The project has also been listed as a priority initiative by Infrastructure Australia on their National Infrastructure Priority List.*

*The majority of the interstate network is currently signalled using the CTC system. It is a technology that facilitates efficient operations with goods levels of safety and reliability on ARTC's interstate network, however it is a high cost and highly inflexible. ARTC has been working on a next generation communication based safe working system since 2002, which has received the ongoing support by the Australian Government, for the ATMS project. The project has completed the proof of concept and is now in a field trial phase to demonstrate the functionality of the system in a live environment. Through government assistance this communications-based safe-working system will provide industry 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. The increased capacity will result in reduced capital and maintenance costs through the elimination of much of the on-ground infrastructure required under the current system.*

Technologies, such as ATMS, should be supported while ensuring interoperability across networks.

The ARA believes there is scope for the Government to use the development of a National Freight and Supply Chain Strategy to:

- resource further research into international best-practice in the area of technology development and adoption with respect to freight rail
- explore the concept of a Commonwealth Innovation Fund for rail freight to provide seed funding for the development of technology projects to boost efficiency and productivity in the sector

ARA also notes the Commonwealth's acknowledgment that a key issue for Australian governments is fully exploring the potential of big data in the transport sector and addressing challenges in data access, capture, storage and analysis.

ARA would be keen to partner with governments to explore potential incentivisation options to achieve mutually beneficially outcomes in this area.

## 9. Addressing jurisdictional inconsistencies

The ARA supports comments made by individual rail operators regarding the need to achieve greater national certainty and consistency regarding inconsistent jurisdictional regulation. These include different approaches to environmental legislation; a lack of standardised approval processes and procedures for rolling stock approvals, and inconsistent approaches to drug and alcohol testing. Fragmented regulatory frameworks across these and other areas add to costs and impede efficiency. Addressing these jurisdictional inconsistencies should be a priority of the National Freight and Supply Chain Strategy.

## 10. Access / Separation

As discussed at the ARA's consultation session with the Department of Infrastructure and Regional Development in May, some members continue to incur costs and delays resulting from inconsistent access arrangements. These comments reinforce the need for the rail industry in general to better understand the needs of both rail operators and freight forwarders to help drive efficiency improvements. The following case study is provided to illustrate some of these issues, and relates specifically to NSW where there are a number of network owners – Sydney Trains, ARTC, John Holland and the Country Rail Network.

### ***Case Study 5 – Access / Separation Issues***

- *The handover of services across each network interface is critical as some networks will not accept a late running service. This will be exacerbated when entering the Sydney metropolitan network given population growth and the need for further passenger trains on the network. An allowance of five minutes for on-time performance means if a train is five minutes late on arrival into the Sydney network it may not be accepted or will be staged off the main line.*
- *Each network owner has their maintenance possession regime whereby rail tracks are closed for many periods of the year which requires operational changes and diversions wherever possible, otherwise the rail service/s have to be cancelled.*

- *Pathing for ad-hoc paths processes are supposed to be managed through the origination point network owner but this is not always the case. Operators send the path application with preferred times to each network owner – when a network owner approves or changes it, it is then represented to the other or adjacent owners until a full path through all of the networks is attained. The main issued faced is that a typical 10-hour trip from the regional area into Sydney can easily and often become more than 15-20 hours.*

## CONCLUSION

The National Freight and Supply Chain Strategy presents industry and governments with an historic opportunity to meet the challenges of a growing freight task, a burgeoning population and greater community desire for improved liveability in our cities. A range of operational and regulatory obstacles exist however which act as barriers to establishing a truly national efficient and integrated freight transport system.

The recommendations contained in this submission aim to address some of these issues and we appreciate the opportunity to raise them with the Department, both in this submission and in our consultation session.

For further information regarding this submission, please contact Duncan Sheppard, General Manager, Freight and Industry Programs, via [dsheppard@ara.net.au](mailto:dsheppard@ara.net.au) or 02 6270 4531.